Austria	Sch22	Indonesia	Rp3700	Oman	Or1		
Bahrain	Din0.750	Iran	[illegible]	Philippines	Peso40		
Belgium	BFr50	Israel	[illegible]	Portugal	Esc140		
Cyprus	C£0.90	Italy	L1700	Qatar	QR8.00		
Denmark	DKr10.00	Jordan	Fils.500	S.Arabia	Rls7.00		
Egypt	E£2.25	Kuwait	Fils.500	Singapore	S$4.10		
Finland	Fmk7.00	Lebanon	£250.00	Spain	Pta145		
France	FFr7.00	Lux	LFr50	Sweden	SKr10		
Germany	DM2.30	Malaysia	Rm4.25	Switz	SFr2.40		
Greece	Dr120	Morocco	Dh8.00	Thailand	Bt50		
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800		
Iceland	Ikr125	Nigeria	Naira10	Turkey	L800		
India	Rup15	Norway	NKr10.00	UAE	Dh7.00		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,828 — Wednesday April 26 1989 — D 8523A

HUNGARY
Peto Institute breaks the mould
Page 3

World News

China signals crackdown on student protesters

China's leadership signalled a crackdown on pro-democracy demonstrators by accusing them of a "planned conspiracy" to overthrow the Communist Party. Page 22

Spanish conflict
Spain's biggest trade union sharpened its conflict with the ruling Socialist Party, by deciding not to support it in European elections. Page 3

HK passports
China said it has no objections to 3.4m Hong Kong citizens being given British passports. Page 6

UK jet checks
Operators of the UK's best selling airliner, the BAe 146, were told to check the aircraft's engines after cracks were discovered in the US. Page 22

West bank elections
Palestinian leaders have accepted Israel's proposals for elections in the occupied territories if they are part of an overall settlement.

Tube strike
UK rail unions announced an all-out stoppage of London Underground services from May 8. Page 14

Lebanon peace plan
Arab states, planning to send a ceasefire observer force to Lebanon, are on the brink of intervention in the Lebanese conflict. Page 6

Swedish tax hike
Sweden's Social Democratic Government said it would raise indirect taxes, among the highest in the world, to put the brakes on the overheated economy. Page 3

Appeal to Hussein
Jordan's professional organisations appealed to King Hussein to halt a security crackdown on political activists following riots. Page 6

Nuclear concern
Britain and France, Europe's two nuclear powers, are concerned that negotiations on short-range nuclear forces might affect their own arsenals. Page 2

Human Rights envoy
Swiss lawyer Joseph Voyame was appointed as a special United Nations envoy to probe alleged human rights abuses in Romania.

Airline boycott
Foreign airlines are threatening to boycott Italy unless strikes that have disrupted air travel for nearly two years stop.

Bomber sentenced
A Seoul court sentenced to death a 27-year-old woman who admitted she blew up a South Korean airliner on orders of communist North Korea, killing 115 people.

Mexico City quake
A strong earthquake shook Mexico City shattering windows and opening cracks in buildings.

Comic opera
A gigantic and bizarre two-hour "opera-ballet" with a cast of 8,000 people, 1,000 sheep and other assorted oddities is to crown celebrations marking the 200th anniversary of the French Revolution on July 14.

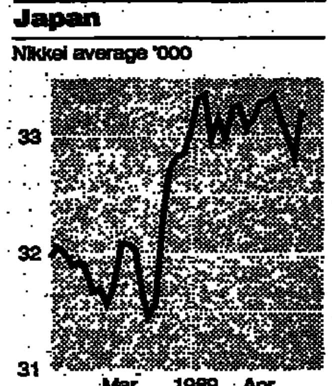
Business Summary

GEC-Siemens to negotiate with ministry over Plessey

THE final negotiations with GEC and Siemens, the UK and German electrical companies, over clearance of a renewed bid for Plessey will be carried out by the UK's Ministry of Defence. Page 23

NIKKEI prices surged on the resignation announcement by Prime Minister Takeshita, with the average climbing as high as 33,318.03, before closing 433.86 points up at 33,244.78.

Japan
Nikkei average '000



SEA CONTAINERS, the owner of Sealink UK ferries, ruled out co-operation with Stena, the Swedish shipping group. Page 23

OCCIDENTAL Petroleum, the US oil company, made net profits of $67m in the first quarter. Page 26

DUTCH CENTRAL BANK has thrown its weight behind the Delors Committee report on European monetary union. Page 2

EASTERN Airlines, the US carrier, has presented a plan to sell $1.8bn in assets to fight bankruptcy. Page 28

ARGENTINA'S economic crisis continued as the austral fell to 100 to the dollar. Page 8

MERRILL LYNCH, the US-based financial services group, has failed to secure a UK patent on a "programmed trading" computer. Page 12

LAURA ASHLEY, shares fell 13 per cent after the UK retailer announced a 12 per cent fall in profits. Page 23

BOEING, the US aircraft maker, reported an 18 per cent increase in first-quarter profits. Page 26

FINANCIAL institutions in the UK last year received their highest real return on property investment. Page 12

HANNA, the US plastics company, is looking at possible acquisitions in Europe to boost sales to $2bn. Page 26

ICOPAL, a Danish construction group, is to acquire Siplast, part of the French state-owned Elf Aquitaine group. Page 24

VENEZUELA has obtained a US Eximbank guarantee on a $103m loan for a new hydro-electric complex. Page 6

AEGON, the Dutch insurance group, sweetened of a rights issue by forecasting higher profits for 1989. Page 24

GENERALE DE BANQUE, Belgium's largest commercial bank, expects earnings this year to increase. Page 24

CIBY-GEIGY, the Swiss chemicals group, expects increased profits for 1989 following strong sales growth. Page 24

SKANSKA, Sweden's largest construction company, increased its profits by 10 per cent to $286m. Page 24

HONORBILT, the UK clothing designer and distributor, is paying up to $11m for Tomato, a US manufacturer of boys casual wear. Page 33

GLYNWED, the UK industrial group, proposing a £25m merger with JB&S Lees, which makes steel products, has been referred to the UK Monopolies watchdog. Page 31

Gorbachev tightens grip over Party by forcing resignations

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev yesterday reinforced his control over the Soviet Communist Party with the mass resignation from the policy-making Central Committee of 110 top party officials who had already been forced to retire from senior jobs over the past four years.

He emerged from an emergency plenum of the committee, held to analyse the results of last month's elections, with a drastically streamlined ruling body, down in size from 301 to 251.

However he stopped short of demanding the demotion of party leaders who were resoundingly defeated in the poll, such as Mr Yuri Solovev, the Leningrad regional party leader and junior Politburo member. Such action was up to the local party organisations to decide, he said.

Nevertheless, the sudden removal of the vast majority of so-called "dead souls" in the party leadership – including Mr Andrei Gromyko, the former Soviet President, and a string of former republican party leaders and government ministers ousted since Mr Gorbachev became General Secretary in 1985 – should greatly reinforce the Soviet leader's authority in the key organs of power.

Apart from Mr Gromyko, the list of those quitting includes many once senior names from the era of Mr Leonid Brezhnev such as the late leader's last Prime Minister, Mr Nikolai Tikhonov, the former Russian Premier Mr Mikhail Solomentsev, and top ideologist Mr Boris Ponomaryev.

The 110 came from the ranks of full members of the Central Committee, alternate (non-voting) members, and members of the Party Central Auditing Commission. Seventy-four were full members of the Central Committee.

In their place, only 24 alternate members were promoted by the plenum, including several notable academics and a string of factory workers, but very few party officials. Among them were leading Gorbachev advisers such as Academician Yevgeny Velikhov, vice president of the Academy of Sciences, Academician Yevgeny Primakov, director of the Institute for World Economy and International Relations, and Mr Yuli Kvitsinsky, Soviet ambassador to Bonn.

The results of the extraordinary plenum were presented last night by Mr Vadim Medvedev, the Politburo member in charge of ideology and information, who said the debate had been "profound and frank" and also "self-critical."

There was no hint of a rumoured conservative backlash against perestroika in the official version of the debate.

The meeting appears not to have discussed two major and potentially explosive issues – a promised investigation into the election platform and speeches of Mr Boris Yeltsin, the disgraced former Moscow party chief who won a massive election victory in the capital, and the deaths of 20 Georgian nationalist demonstrators in Tbilisi two weeks ago.

The results of the investigation into Mr Yeltsin's speeches would come to the next "regular" plenum, Mr Medvedev said.

Mr Georgy Razumovsky, the junior member of the Politburo who accompanied Mr Eduard Shevardnadze, the Foreign Minister and former Georgian party leader, to investigate why the Tbilisi disaster happened, said yesterday no-one in Moscow had sanctioned the use of troops to break up the demonstration.

"The decision to use troops was taken by the local Georgian authorities. What happened during the night of April 8-9 involving troops was known in Moscow only after this was done."

He stressed the failure of Georgian leaders to keep in touch with popular feelings, above all of young people.

US to revise Soviet policy

By Peter Riddell and Lionel Barber in Washington

THE US is preparing a major shift in its policy towards the Soviet Union, away from an almost exclusive concentration on arms control towards a broader approach focused on regional conflicts and reforms in Eastern Europe.

President George Bush and his close advisers have decided an ambitious approach is needed, both to counter the appeal in Western Europe of Mr Mikhail Gorbachev, the Soviet leader, and to respond to the recent changes in Eastern Europe.

The new policy will emerge in a series of speeches leading up to the visit to Moscow in mid-May by Mr James Baker, the Secretary of State, and the week-long visit to Europe at the end of the month of President Bush for the Nato heads-of-government summit.

Senior Administration officials see this broader political approach as a way of defusing the potentially serious split within Nato over the next stages of arms control talks, particularly West German proposals for early negotiations over short-range nuclear missiles in Europe.

The President's advisers believe former President Ronald Reagan was too preoccupied with reaching arms control agreements with the Soviet Union in his later years in office and that instead a more deliberate pace is needed in relation to the strategic arms negotiations which will resume later this year.

The Administration wants to broaden the East-West debate by countering Mr Gorbachev's recent appeal for a "common European home" with an emphasis on the "common values of the West." This reflects the view in Washington that Western capitalism and democracy have won the ideological battle with communism and state control and that this should be exploited.

The immediate focus will be Eastern Europe, where the US will seek to encourage reforms in the most promising countries – at present Poland and Hungary – a policy known as differentiation.

The Administration wants to avoid repeating the mistakes of the 1970s and early 1980s when the West provided large loans on easy terms to Poland and Hungary. Instead, the empha-

Continued on Page 22

Poland's relations with West Germany, Page 22

Japanese warned

Japan has been warned by the US not to market high-definition television technology in Eastern Europe. Washington fears the technology may have military applications, which would explain evidence of keen Soviet interest in acquiring it. Page 22

Mexico seeks two-thirds cut in interest payments for six years

By Norma Cohen in London

MEXICAN officials have proposed a four-option plan aimed at reducing the country's annual interest payments to commercial banks by about two-thirds for the next six years.

The plan, presented in New York late on Monday to Mexico's advisory bank committee by Mr Angel Gurria, the country's Under Secretary for International Financial Affairs, aims to reduce annual debt service payments to 2 per cent of GDP from the current level of about 6 of GDP. For 1989, when debt service payments are about $7bn, the changes would will reduce the net outflow of funds by $4.5bn.

The most significant option in the plan calls for a loans-for-bonds swap which may incorporate some elements of the Brady Plan in the form of interest guarantees for several years. However, the role of any multilateral lending agency in the plan remains vague, as key elements of the Brady Plan are still undefined.

The loans-for-bonds options, in all other respects, closely resembles a similar plan offered last year through Morgan Guaranty Bank. Like the earlier bonds, principal would be guaranteed by a zero-coupon bond and loans would be swapped at a discount, said to be slightly less than the 57 per cent currently offered for Mexican loans in the secondary market.

Other options on the menu include a new money facility in which banks wishing to receive all the interest payments due to them would have to extend new loans equal to a certain portion of those payments.

Another option would allow banks to chose interest capitalisation – the rolling up of interest payments into the total principal balance – equal to a percentage of the interest they are set to receive.

The fourth option on the menu calls for a loans-for-bonds swap plan in which lenders receive 100 cents on the dollar for their loans, but will receive interest at a rate of only half that paid on the loans.

Mr Gurria's proposals on interest reduction are separate from Mexico's request for deferment of amortisation payments due between July 1 this year and March 31, 1990. Delaying the principal repayments, valued at about $1.8bn, should alleviate what threatens to be a serious balance of payments crisis and a drain on Mexico's foreign exchange reserves at the end of 1989.

Minorco's race for Gold Fields expected to be close

By Kenneth Gooding, Mining Correspondent

THE CITY of London believes that Minorco, the South African-controlled investment group, will scrape home to victory when Britain's biggest-ever takeover bid, the £3.5bn ($5.95bn) hostile offer for Consolidated Gold Fields, the UK diversified mining group, closes for acceptances at lunchtime today.

It would by no means be a famous victory because Minorco started its campaign with nearly 30 per cent of Gold Fields. Sir Michael Edwardes, Minorco's chief executive, put on a show of confidence about the outcome last night but even he was not predicting a runaway result for his group.

Gold Fields said its soundings suggested that the bid would bring in acceptances taking Minorco to between 45 per cent and 55 per cent.

The considerable uncertainty still surrounding the eventual outcome was reflected in the Gold Fields' share price, which yesterday fell another 38p to £12.45, well below the £15.30 approximate value of the offer terms.

Much of the uncertainty springs from the refusal of a New York court late on Monday to remove the injunction which prevents Minorco buying more Gold Fields' shares.

"We will think about an appeal – but will deal with that in a day or two," said Sir Michael. "Clearly there is no point in appealing if we do not get 50 per cent."

Minorco would have a maximum of 21 days to remove the obstacles placed by the court decision unless it could persuade the UK Takeover Panel to extend that time.

Sir Michael suggested that, if Minorco achieved 50 per cent, Gold Fields' shareholders' rights might be prejudiced if their board did not withdraw the New York action. Minorco would discuss that situation with the Panel.

"We have other options if the Gold Fields' directors do not do the right thing. We will explore every legitimate and proper way to win Gold Fields if shareholders signal that is what they want," he added.

It was clear yesterday that Minorco had failed to win the support of most of Gold Fields' large, long-term institutional shareholders.

Mr David Prosser, group director, investment, at Legal and General Group, which

Continued on Page 22

Japanese Premier Takeshita listens to opposition questions about the Recruit affair before announcing he would resign

Ito under pressure to accept leadership

By Ian Rodger and Stefan Wagstyl in Tokyo

JAPAN'S political leaders were struggling to restore their credibility yesterday after Mr Noboru Takeshita's announcement that he would resign as Prime Minister in the next few weeks over his involvement in the Recruit corruption affair.

They were trying to persuade Mr Masayoshi Ito, a 75-year-old former foreign minister, to stand in for a few months in spite of illness. Mr Ito is one of the few leaders of the ruling Liberal Democratic Party who has not been tainted by the scandal.

Leaders were also trying to maintain normality in Japan's international relations, confirming that Mr Takeshita would go ahead with official visits to south-east Asian countries this weekend.

In addition, they were trying to find a way of breaking the deadlock in the Diet (Parliament) over the stalled 1989-90 budget bill. Opposition parties had refused to debate the budget until the LDP agreed to their demand that Mr Yasuhiro Nakasone, the former Prime Minister, answer their questions about his involvement in the affair.

Last night, it looked as if Mr Takeshita's resignation had cleared the way towards a compromise. Opposition parties said they were prepared to resume discussions this week but still insisted that Mr Nakasone appear later. Mr Nakasone said he would co-operate but his terms were not clear.

In the meantime, Mr Masami Takatsuji, Justice Minister, said the Prime Minister's decision would not affect the investigation into the affair. There was widespread speculation in Tokyo yesterday that three prominent politicians would be arrested this week.

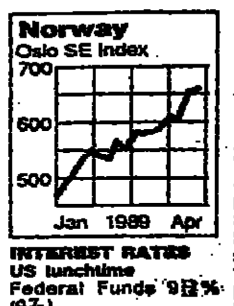
The investigation into the affair, which concerns a widespread attempt by the Recruit publishing group to buy influence in the Government, has already resulted in the arrest of 13 businessmen and bureaucrats, including Mr Hiromasa Ezoe, Recruit's founder and former chairman.

Yesterday, associates of Mr Kiichi Miyazawa confirmed that the former Finance Minister, who resigned in November as a result of his links with Recruit, had received Y90m ($684,000) in campaign contributions from the group in 1987. This confirmed that Recruit had lavishly funded all three candidates to succeed Mr Nakasone as Prime Minister in the autumn of 1987 – Mr Miyazawa as well as Mr Takeshita and Mr Shintaro Abe.

Mr Takeshita's annnouncement followed an emergency

Continued on Page 22
Reaction and background, Page 4; analysis and editorial comment, Page 20

MARKETS



INTEREST RATES
US lunchtime
Federal Funds 9 13/16% (9 7/8)
3-mth Treasury Bills: yield: 8.934% (8.989)
Long Bond: 98 13/32 (98 27/32)
yield: 8.97% (8.979)
London
3-month interbank: close 13 3/16 % (same)

STERLING
New York lunchtime
$1.69935 (1.70585)
London:
$1.7010 (1.7060)
DM3.1725 (same)
FFr10.7325 (10.7500)
SFr2.7975 (2.8000)
Y223.50 (224.25)

DOLLAR
New York lunchtime
DM1.8665 (1.86075)
FFr6.3155 (6.3075)
SFr1.64525 (1.64225)
Y131.455 (131.555)
London:
DM1.8650 (1.8610)
FFr6.3100 (6.3050)
SFr1.6445 (1.6425)
Y131.35 (131.60)

GOLD
New York latest
Comex June
$389.7 (-1.3)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av. 2,392.05 (-10.83)
S&P Comp 307.19 (-1.50)
London:
FT-SE 100 2,071.2 (+9.2)
World: 144.24 (Mon)
Tokyo
Nikkei Ave 33,318.03 (+438.98)
Frankfurt
Commerzbank 1,710.3 (-4.2)

OIL
Brent 15-day (Argus) $20.325 (+0.75) (May)
West Tex Crude $21.305 (+0.18) (June)

CONTENTS

The East-West curtain raiser

Ironing out the accumulated problems in Polish-West German relations is not proving a simple task, although matters were improved by the unofficial visit to West Germany of Prime Minister Mieczyslaw Rakowski (left) earlier this year
Page 22

Officials accuse Britain of excitability and ignorance over call for talks on missiles

Bonn hits back at critics of nuclear arms move

By David Marsh in Bonn

BONN OFFICIALS yesterday went on the offensive yesterday over the growing arms control split within Nato, hitting out at "excitability" and "ignorance" in Britain over the West German Government's latest nuclear disarmament move.

Government officials' counter-attack came in response to fierce criticism in the US and Britain of Bonn's decision to seek negotiations on reducing short-range nuclear missiles in Europe. The disagreement has damaged relations above all with the UK, five days ahead of Mrs Margaret Thatcher's visit to see Chancellor Helmut Kohl on Sunday.

Mr Hans-Dietrich Genscher, the Foreign Minister, and Mr Gerhard Stoltenberg, the Defence Minister, meanwhile gave an optimistic view of their trip to Washington on Monday to explain Bonn's disarmament stance to the Bush administration. Mr Genscher declared at a news conference that Monday's visit was "useful and, from our point of view, successful". A Genscher aide said afterwards that Washington's understanding for Bonn's position "had increased".

The dispute has revealed a particular breakdown in communications between Bonn and London. It also underscores a new assertiveness in Bonn about defending what it regards as legitimate West German interests against the opposition of the two senior nuclear weapons states in the alliance. Officials complain that Mrs Thatcher is launching a diplomatic campaign against Bonn over the issue, and suspect she may be piqued because Bonn did not consult London as well as Washington.

Bonn officials said that the West German position, formulated on Friday, to seek East-West talks on reducing short-range nuclear missiles was a starting basis for negotiations within Nato to try to reach an alliance compromise.

They stressed that Bonn was willing to show "flexibility" over when an effort to cut short-range missiles – most of which are deployed in and would explode in East and West Germany – could get under way. "Nato will not break up about this," said another official, adding stoically. "It is something we must see through."

Bonn officials pointed out that Mr Genscher had already explained the West German position to Sir Geoffrey Howe, the British Foreign Secretary, when Mrs Thatcher came to Frankfurt for talks with Mr Kohl in February.

Bonn's decision to seek "early" disarmament negotiations on the short-range missiles counters the desire of Washington and London to keep nuclear arsenals intact in Europe to compensate for the conventional force superiority of the Warsaw Pact.

Along with Bonn's move to oppose any decision on up-dating the present US 120km-range Lance weapons in West Germany until 1992, the Government's arms stance has prompted fury in London that West Germany may be breaking ranks within Nato.

Bonn officials yesterday rejected the idea that the Government was hardening its line on resisting new weapons in order to court electoral popularity. The coalition has been under growing domestic political pressure after a run of setbacks in regional polls.

PM ready for battle, Page 17

Wörner urges concessions by Nato states

By David Buchan in Brussels

NATO ALLIES must all make concessions if they are to reconcile "their very different opinions" on negotiating short-range nuclear weapon reductions with Moscow, Mr Manfred Wörner, the alliance Secretary-General, urged yesterday.

Washington and London "strongly resist" the Bonn coalition's call for an early opening of talks with the East on short-range nuclear weaponry, Mr Wörner said.

"It makes no sense to hide these differences," he admitted with a public candour rare for one in his job, while claiming also there was "no crisis situation, nor a major split."

Mr Wörner said he understood that the Bonn coalition, in which he served as defence minister until last year, "had abandoned the idea" of negotiating reduction in short-range nuclear weapons in parallel with the talks on Nato-Warsaw Pact conventional force levels which started in Vienna last month.

The position taken by Bonn last Friday, just after Nato defence ministers had managed to paper over their differences on the related issue of short-range missile modernisation, called for "early" rather than immediate negotiations, Mr Wörner pointed out.

While calling for compromise from all quarters, Mr Wörner outlined in an interview yesterday "some elements for a compromise" which seemed more aligned on Anglo-American positions than on West German ones.

First, he said, there should be a general statement in favour of the need for nuclear weapons "of all ranges". Second, it should be accepted that "a minimum of these weapons should be kept up to date," as agreed at the March 1988 Nato summit. Third, Nato should agree "not a (negotiating) mandate, but a certain perspective" on future arms control in this category of nuclear weaponry.

Speaking personally, Mr Wörner said he would prefer the forthcoming Nato summit to renounce explicitly the idea of the West totally eliminating nuclear weapons below a range of 500km – the so-called third zero in addition to the two categories of 500km-5,000km range ground-based missiles eliminated in the 1987 US-Soviet INF treaty.

Taking a line very much in tune with that of Mrs Margaret Thatcher, the British Prime Minister, Nato's top political official said that not only could nuclear weapons not be "disinvented", but the West would always need a minimum number of them even if or when its conventional forces balanced those of the East.

"Nuclear weapons are war-preventing, while conventional weapons have not in the past deterred conflicts," he said.

Referring to the growing internal Nato conflict over future arms control strategy, Mr Wörner said he was convinced of "the preparedness of both sides to come to an agreement before the summit" of Nato leaders in Brussels on May 29-30.

He forecast that the pre-summit negotiation would take place as much in the multilateral Nato Council of permanent ambassadors as in the current whirl of headline-hitting trips by Nato leaders to each other's capitals.

The Dutch yesterday said they opposed West German attempts to press for quick East-West talks on reducing short-range nuclear arms, Reuter reports from Amsterdam. "We do not see eye to eye over this issue," Mr Pieter van Vliet, the Foreign Ministry spokesman, said at a weekly briefing.

Mr Van Vliet said the differences among Nato partners "underscore the need to seek a solution that deals both with the issue of weapons reduction and with modernising short-range nuclear forces with the aim of limiting the weapons at the minimum necessary level".

Wörner: unusual candour

Britain and France fear for their nuclear arsenals

By David White, Defence Correspondent

BRITAIN and France, Western Europe's two nuclear weapon powers, are becoming concerned that proposals for East-West negotiations on short-range nuclear forces might touch upon their own arsenals. Neither UK nor French nuclear weapons have so far been directly affected by arms control.

Officials in both countries are hoping that any Nato concession on the possibility of short-range talks in the future, which West Germany, Belgium and some other allies want Nato to make, would be tied to terms similar to those set for negotiation of the 1987 Intermediate Nuclear Forces treaty.

These restricted the scope to US and Soviet land-based missiles. Under the treaty these missiles with ranges of between 500km and 5,500km based in Europe are being withdrawn and destroyed.

The terms clearly excluded both the UK, which in any case has no land-based nuclear weapons of its own, and France, whose silo-based S-3 missiles, with a range of 3,000km, would have fallen into the INF category.

However, defence planners are now worried by signs that Moscow is pushing for negotiations to cover a wide range of nuclear weapons.

The Warsaw Pact, which earlier this month proposed new nuclear negotiations in parallel with the conventional arms talks in Vienna, said they should cover not only short-range weapons but also the nuclear component of "dual-capable" systems.

This refers in particular to aircraft equipped both to deliver nuclear weapons and to carry out conventional missions, such as US F-111s and F-16s based in Europe and UK Tornados.

An unrestricted negotiation on short-range land-based weapons in Europe would affect France, with its Pluton missile, which has a range of little more than 100km. France officially classes this as a "pre-strategic" weapon.

It is already embarking on a successor, Hadès, with a range just short of 500km, remarkably similar to the planned Lance replacement which is causing such strife in Nato.

Britain does not have weapons in this category other than those US Lance missiles that are held by the British army.

Neither country's submarine-launched long-range missiles – currently the Polaris in the UK and the M-4 in France - would be affected.

However, both could potentially become implicated in the issue of air-delivered weapons. The UK is planning a stand-off missile to replace the RAF's free-fall bombs, and has virtually decided to buy the weapon being developed by the US, an upgraded version of the SRAM (Short-Range Attack Missile). Discussion of Nato requirements for this missile has so far been lumped together with the "modernisation" of land-based short-range weapons.

The UK regards its nuclear arms both as part of its Nato contribution and as a national requirement.

France, which keeps its deterrent separate from Nato, already has an air-launched cruise missile, the ASMP (Air-Sol Moyenne Portée), deployed on Mirage IV and Mirage 2000 aircraft and classified as a "strategic strike" weapon.

Strong Dutch support for European monetary union

By Laura Raun in Amsterdam

STRONG support for the Delors Committee report on economic and monetary union in Europe was given yesterday by the Dutch central bank in its 1988 annual report.

Mr Wim Duisenberg, President of the Nederlandsche Bank and a member of the Committee, urges "irrevocably locked parities" and "parallelism" between monetary union and transfer to the European level of policy-making powers.

"The required institutional changes should be effected by amendment of and addition to the European Economic Community Treaty," concludes Mr Duisenberg.

The pragmatic Dutch position is that economic and monetary convergence should nevertheless precede institutional reform. That will be carefully explained to Mrs Margaret Thatcher, Britain's Prime Minister, on Saturday when she receives Mr Ruud Lubbers, the Dutch Prime Minister and her closest ally in Europe.

He is expected to underscore areas of agreement between London and The Hague in a gentle bid aimed at softening Mrs Thatcher's adamant opposition to sovereignty loss.

A master of compromise, Mr Lubbers is taking with him Mr Onno Ruding, the Dutch Finance Minister.

As the Dutch Cabinet struggles this week to reach a crucial compromise on the 1990 budget, Mr Duisenberg warned of the urgent need to cut the gaping deficit. "There is a risk that this [borrowing] requirement might become so high that monetary financing cannot always be avoided.

"Although in recent years the central government has not resorted to [direct] monetary financing, the potential bottlenecks inherent in the current monthly borrowing requirement of over Fl3.5bn (£977m) are evident."

During a press conference on Monday, Mr Duisenberg defended the recent boost in official Dutch interest rates but refused to be drawn on future trends. He predicted the guilder would hold steady if West Germany abolishes its withholding tax on interest income, because this has been anticipated by the markets.

Nevertheless, the Nederlandsche Bank moved to support the Dutch currency on Monday by doubling banks' cash reserve requirements at the central bank.

Abolition of withholding tax agreed in Bonn

By Haig Simonian in Frankfurt

THE abolition of West Germany's new 10 per cent withholding tax on most forms of savings and investments, introduced in January, looks almost certain after an agreement between leading members of the governing coalition in Bonn yesterday.

The removal of the tax, foreshadowed in comments last Friday by Mr Theo Waigel, the new Finance Minister, could further bolster the D-Mark following last week's half percentage point rise in key interest rates.

It may also help to revive the fortunes of Chancellor Helmut Kohl's government after a U-turn following the Cabinet reshuffle earlier this month, in which it was decided not to extend the length of military service.

However, abolition of the German tax could cause difficulties with France and other European Community member states which have backed a harmonised EC withholding tax. But the decision will strengthen the position of the UK and Luxembourg which have opposed such a measure.

Details of the Government's plans are likely to come in a major policy statement to be made by Mr Kohl on Thursday.

The signs are that the Government will justify removal of the tax – which could come this year, according to reports of yesterday's coalition talks – on the grounds that Germany's stronger than expected economic growth has boosted tax revenue. Moreover, profits from the Bundesbank, which flow directly into the German exchequer, are likely to be around double the DM 5bn (£1.6bn) originally expected.

Mr Waigel, a leading member of the Bavarian-based Christian Socialist Union, the sister party of Mr Kohl's Christian Democrat Party, has turned the fate of the tax into an important populist issue.

Before his death last October, Mr Franz-Josef Strauss, the previous CSU chairman, was thought to be receiving hundreds of letters from discontented taxpayers.

Its abolition will be welcomed in the German financial community which claimed the measure triggered a huge capital flight, pushing down the value of the D-Mark and fuelling inflation, as well as driving up domestic interest rates.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

EUROPEAN NEWS

Stockholm acts to cool overheating in the economy

By Robert Taylor in Stockholm

THE SWEDISH Government yesterday announced short-term measures to cool the country's overheated economy. It said they were necessary to prevent a crisis of stagnation, high inflation and unemployment similar to that experienced by Sweden in the *mid-1970s*.

The main proposals affecting consumers involve a two-point increase in the rate of value added tax to 21 per cent from July 1 until the end of 1990, an average 5 per cent rise in the price of spirits, wine and strong beer and an increase in the cost of cigarettes.

These are estimated to cut purchasing power by SKr7.5bn ($1.18bn) over 12 months.

Pensioners and students will be compensated automatically against the price increases, said Mr Kjell-Olof Feldt, the Finance Minister, who also announced the abolition of milk subsidies.

More money is to go into child care centres, so all pre-school children over the age of 1.5 years will have the right to *a place in one of them by 1991* at the latest.

The package is also intended to increase private employer taxes by 2 per cent over the period between next September and the end of next year (the rise will be 5 per cent in the tight Stockholm labour market), making it more expensive to hire labour.

The public services sector will be exempt from this rise, which will add SKr12bn a year to employer costs. Mr Feldt said that the effect of the entire package would be to curb demand by 1 per cent of gross domestic product this year and next.

The Government also announced measures to make the labour market more flexible and to ensure a much better use of resources in the public services sector, with priority given to improving education, old peoples' care and labour market programmes.

The ruling Social Democrats lack an overall majority in Parliament so they need to find support from another party if the entire package is to be put into practice. This may prove difficult because all five opposition parties are strongly against increasing indirect taxation. The unions, too, are angry about this.

If the opposition parties stick together Sweden could face a political crisis this summer, but the Government has given itself with some time for conciliation and compromise.

The Finance Ministry yesterday published forecasts up to 1993 on the basis of current trends. These suggest annual growth of only 1 per cent over the period, and a dramatic deterioration in the balance of payments deficit from SKr17bn this year to SKr26.1bn, and average hourly wage costs rising much more quickly than in Sweden's main industrial competitors.

With a modest productivity improvement of 0.9 per cent a year and a rise over the period in registered unemployment to nearly 3 per cent (it is about 1 per cent now), the statistics make gloomy reading.

Mr Feldt, however, believes his short-term measures will help reduce wage pressures and introduce a greater sense *of realism among employers* and unions, helping to reduce average pay increases to 4 per cent next year.

Many workers, however, have already secured protection against the effects of rising prices. The recently negotiated national two-year wage agreement between the main employers and the LO blue-collar union federation provides for automatic compensation if prices rise above an annual rate of 6 per cent

Monetary group expresses support for Delors report

By Ian Davidson in Paris

THE report of the Delors Committee on Economic and Monetary Union in Europe *received qualified endorsement* in Paris yesterday from the Committee for the Monetary Union of Europe.

The committee is an unofficial trans-European pressure group headed by former French President Valery Giscard d'Estaing and former German Chancellor Helmut Schmidt.

But it was contested by Mr Nigel Lawson, the British *Chancellor of the Exchequer*, in an interview with Le Monde.

The Committee for the Monetary Union of Europe praised the general thrust of the Delors Report but expressed anxiety that sustained progress towards monetary union might be frustrated unless the European Council decided to launch negotiations on a new treaty on monetary union.

Mr d'Estaing also urged *rapid progress* towards wider private use of the Ecu.

On the committee are distinguished European economic and business figures from the European Community, including Mr Wilfried Guth, chairman of Deutsche Bank, Mr Renaud de la Geniere, former governor of the Bank of France, Viscount Etienne Davignon, chairman of Société Générale, and Mr Jelle Zijlstra, *the former Netherlands Prime* Minister.

Mr Lawson told Le Monde that the British Government was opposed to a new treaty on monetary union which, in any case, the British Parliament would never ratify.

On the other hand, full British participation in the exchange rate mechanism of the European Monetary System was only a matter of time,

But there was "a large difference between full participation in the EMS, which implied close co-operation between independent and sovereign states, and a total monetary and economic union, equivalent to a federal Europe directed by a federal superstate."

Ortega asks Euro-MPs to observe elections

By William Dawkins in Brussels

PRESIDENT Daniel Ortega of Nicaragua yesterday stepped up attempts to inmprove the Central American republic's image in Europe by inviting the European Parliament to send official observers to its elections next spring.

The invitation, accepted by Mr Siegbert Alber, the assembly's vice president, comes on the eve of Mr Ortega's visit to the UK where he will meet Mrs Margaret Thatcher, the British Prime Minister. Britain is the least willing of all EC countries to build up economic aid to the country. Such a move would need a unanimous decision from the Community.

Mr Ortega told Euro-MPs that economic support and progress on human rights were closely linked, but failed to extract specific promises of assistance from meetings with Mr Jacques Delors, President of the European Commission, and Mr Abel Matutes, the Commissioner for Latin American policy. "In all these matters, we need the political and economic support of the international community," said Mr Ortega.

Union-party split widens in Spain

By Peter Bruce in Madrid

SPAIN'S biggest trade union, the Union General de Trabajadores (UGT), yesterday sharpened its bitter conflict with the *ruling Socialist Party*, by deciding not to support the Government in the European Parliament elections on June 15.

The move is the clearest political indication yet of the collapse of ties between party and union, which the Socialists helped establish 100 years ago.

However, the UGT's federal committee stopped short of committing itself to opposing the Government actively and told members to make up their own minds.

Mr Felipe Gonzalez, the Prime Minister, and the UGT leadership fell apart last year over what the union sees as a conservative drift in economic policy.

The UGT joined forces with its Communist-led rival, the Comisiones Obreras (CCOO), in a one-day protest general strike on December 14.

It brought the country to a standstill, but union hopes that Mr Gonzalez would be forced to call an early election appear to have come to nothing. The UGT and the CCOO plan to resume national stoppages in protest at government policies in the next few days; a massive demonstration is scheduled to take place in Madrid on May 1.

The holiday weekend is likely to be disrupted by strikes on the national railway, *urban public transport, ferries* and the closure for three days of most petrol stations from late on April 26.

Many of these actions are also allied to public sector wage negotiations, where the Government is trying to hold pay rises to around 5 per cent. The unions have largely won their battle for higher increases in the private sector in the spring wage round.

According to Incomes Data Services, the private sector, anxious to avoid conflict, has been settling above 7 per cent, and many agreements include cuts in working time. A number of companies have also agreed to convert temporary contracts into permanent jobs.

The Government is unlikely to be put off course by the stoppages this weekend, and seems content to allow the *unions to exhaust themselves* on the streets.

There is no evidence to suggest that public support for union demands has grown since the December stoppage. If anything, as services are disrupted, the opposite is true and union leaders have not dared call another general strike.

Peto Institute breaks special school mould

Judy Dempsey, recently in Bucharest looks at an innovative educational philosophy

WHEN, in 1945, Professor Andras Peto, a young Hungarian doctor, was finally given two spare rooms in the centre of Budapest, he didn't waste his time in settling down to teach his class of 13 children. Two years later, he needed far more space, following the enrolment of 80 more children.

But this was no ordinary school. All the children were suffering from cerebral palsy, spina bifida and other forms of brain damage. Nor was it a hospital. Through his method, known as "Conductive Education", Professor Peto and his teacher "conductors" patiently made the children "capable of problem solving."

Instead of confining them for life to special homes and clinics, Professor Peto saw his work primarily as educational, equipping children with the tools to cope with, and live in, the real world.

Rather than tell his pupils what to do, he embarked on a careful step-by-step programme where the children would in time discover how to motivate themselves, for example to co-ordinate their movements in order to walk. Building up trust and communication with the child was a crucial ingredient for progress and eventual integration with society.

Considering the radical nature of his views, it was surprising that the Hungarian authorities, in the throes of Stalinism, allowed Professor to continue.

In those dark days of the 1950s, unorthodox views on the sciences was hardly tolerated. And like today, most scientific and educational institutions were dependent on the state for finance. Moreover, public attitudes towards the mentally handicapped were not particularly understanding.

Despite these political and social conditions, Professor Peto perservered. And today, 45 years on, the Peto Institute in Budapest is suffering from the same problems as its founder: space. The modern, concrete building is fast becoming over-crowded. But the institute has an additional problem: success.

The extraordinary reputation of Budapest, where there is a 77 per cent success rate measured by the number of children who become integrated in normal schools or hold regular jobs, has attracted worldwide attention and fame.

Parents from all over the world want to come to Hungary with their children. And if that is not possible, then they want similar institutes set up in their own country. Such wishes, however, are not always easy to fulfil.

Professor Maria Hari, who took over running the Peto Institute in Budapest after its founder died in 1967, has certain guidelines and standards for what she terms, "internationalising" the Peto method.

She says conductors cannot simply be plucked out of Budapest and expected to duplicate Peto's teachings outside Hungary. Not only does it take the minimum of four years for a student to acquire the basic skills but even then, it is a continual learning process.

"The whole point about conductive education it is an integral and unified process," explains Professor Hari, adding that children as much as parents and conductors interact with each other. Parents, who are encouraged to come to the Institute, can see for themselves the teaching methods. Much attention is given to co-ordination, exercises and normal school curricula.

But success has also created considerable pressure on the staff in Budapest, largely because of the Peto's own priorities.

Not one Hungarian child is turned away. No Hungarian parent requires an appointment for their child. And for those who cannot travel regularly to Budapest, there is now a network of conductors scattered throughout the country.

Last year alone, 4,513 children were on the books, including 393 foreigners. As a result, the situation often appears frustrating for foreigners who now have to face a two-year waiting list to have their children assessed in Budapest. And given the demand in Hungary itself, the Peto Institute is now treating only five foreigners as outpatients.

But something positive has emerged from the huge imbalance between supply and demand.

A special centre called the foundation for Conductive Education was set up in Birmingham, England 1986. Thanks to the first joint experiment of its kind with the Peto Institute, the teachers are trained in Hungary while Hungarian "conductors" teach in Birmingham, England.

In addition, because of persistent interest from the international community, earlier this month, the Hungarian authorities launched the Peto International Foundation.

The idea is that the new centre, to be based in Budapest, will be an arm of the Peto Institute. Foreign teachers will be trained there, hopefully with financial assistance from their respective governments.

Without such a close relationship with Budapest, Professor Hari believes that the whole Peto philosophy would be compromised – and, she adds, it would be the children who would suffer.

THE RECRUIT SCANDAL

Political heads set to roll as prosecutor aims for heart of the matter

By Stefan Wagstyl

THE CLEAREST sign that Mr Noboru Takeshita's resignation will not put an end to the Recruit affair is the public prosecutor's determination to continue his investigations.

Irrespective of the proposed change in prime ministers, Mr Yusuke Yoshinaga, the "giant of special investigators" will carry on with his work.

There is a widespread expectation in Tokyo that after months of allegation and innuendo the investigators could this week arrest their first politician to follow the 13 other people who have already been charged. One analyst expects three political heads to roll by the end of the week.

The Tokyo District Public Prosecutor's office, which has been investigating the affair since last September, has principally aimed at trying to find evidence of bribe-taking in the scandal. In tracing all the routes through which Recruit's money was distributed the prosecutor has sought to find out what the company got in return.

The starting point of the investigation was a highly unusual share sale in 1986. Recruit, a fast-growing business information company headed by Mr Hiromasa Ezoe, offered about 160 influential politicians, bureaucrats and businessmen cut-price shares in Recruit Cosmos, a property affiliate. When Recruit Cosmos was floated soon afterwards, they made quick profits.

The public prosecutor soon discovered that the Recruit Cosmos sale was only the most spectacular part of a widespread attempt by Recruit to buy influence in the political establishment. Newspapers ran reports of company-funded trips to expensive restaurants, golf clubs and a Recruit-owned ski resort.

Recruit made huge contributions to the campaign funds of individual politicians, including Mr Takeshita, who got Y200m (£892,000), Mr Shintaro Abe, the secretary general of the ruling Liberal Democratic Party, and Mr Yasuhiro Nakasone, the former prime minister, who was in office at the time of the Recruit Cosmos share sale.

The prosecutor has concentrated on the main allegations against Recruit – that it secured unfair advantages in expanding a new business in telecommunications in close co-operation with Nippon Telegraph & Telephone, Japan's largest company; that the group bought influence at the ministries of education and labour; that bribes smoothed the way towards Recruit winning permission for building a ski resort in Iwate, northern Japan, and also influenced the appointment of Mr Ezoe to important government committees.

At NTT, three senior executives were among the recipients of Recruit Cosmos stock, among them the former chairman Mr Hisashi Shinto. The prosecutor, who has charged all three with taking bribes, claims that in return for the stock, NTT helped Recruit in 1985-87 to establish a new business leasing high-speed telephone circuits.

NTT staff introduced Recruit to clients, and gave technical and commercial advice. In addition, NTT bought for Recruit two US-made supercomputers from Cray Research. It is not clear why these were supplied indirectly since Cray says it would have been happy to supply Recruit, a large and well-known company, directly.

Opposition politicians have claimed that the computers were bought via NTT as a favour to the then prime minister, Mr Nakasone. Japan was at the time under great pressure from Washington to cut its trade surplus by increasing public sector purchases of US goods. The virtual absence of US supercomputers at Japanese public bodies was singled out as evidence of a trade barrier. The NTT-Recruit deal was a quick way of easing the prime minister's difficulties.

With access to the supercomputers, Recruit's leasing business was spectacularly successful. It secured 60 per cent of a market to which it was a complete newcomer.

At the labour and education ministries, Recruit's main purpose was to ensure the authorities did not interfere in its main business – job advertisement magazines. These publications generated the bulk of group sales, which in 1987 totalled Y430bn.

In 1984, the ministries heard complaints from schools that Recruit was carrying misleading advertisements. But plans to tighten the rules, including proposals to introduce legislation, were mysteriously dropped from the ministerial agenda.

The two senior civil servants reponsible – who both subsequently rose to become vice-ministers – received Recruit Cosmos stock. They have been charged with taking bribes.

However, the prosecutor is still investigating allegations that politicians close to the ministries also assisted Recruit by putting pressure on civil servants. Allegations centre on Mr Mutsuki Kato, who was agriculture minister in the Nakasone administration, and Mr Katsuya Ikeda, a member of the Komei party, who raised the matter of regulatory reform in the Diet.

The prosecutor has yet to complete his investigation into the Iwate ski resort allegations. He is investigating whether any politicians helped Recruit buy government-owned land for the resort or interfered with the granting of approval for the project. The resort's development has been a key element of Recruit group's diversification into leisure – a boom industry.

The most delicate area of the prosecutor's work has been to establish whether bribes smoothed the way towards Mr Ezoe's appointment to government councils for tax and education policy in 1985 and for administrative reform and land policy in 1987. This is because the final say over many candidates was in the Cabinet office.

The prosecutor is investigating what role in Mr Ezoe's appointment was played by either Mr Nakasone or Mr Takao Fujinami, his chief cabinet secretary.

The proof that contact with government mattered to Recruit lies in the fact that the company had special departments responsible for keeping on good terms with the education and labour ministries. The company's business interests were mostly in areas where it relied on public bodies either as customers or as regulators.

But this alone does not explain why the company sought to reach the top of the establishment – why pour such large amounts of money into the coffers of the party leaders? The answer seems to be in the personal ambitions of Mr Ezoe. A self-made man, who started his business by publishing a student magazine at Tokyo University, he made money quickly.

But he also wanted power. So membership of government committees mattered far more to him than the clues he might glean about future policy changes.

Mr Ezoe's ultimate aim was almost certainly to go into politics himself. The pinnacle of achievement would be to sit as an equal with the men who used his money. The irony is that several of them are now drowning in the torrent of cash he poured over them.

THE RECRUIT SCANDAL
Contributions made to politicians and their associates

NAME	ESTIMATED PAYMENT
Noboru Takeshita, Prime Minister	Y200m in Recruit Cosmos profits and campaign contributions
Yasuhiro Nakasone, ex-Prime Minister	Y140m profits on 26,000 Cosmos shares plus unquantified cash gifts
Shintaro Abe, LDP Secretary General	Y100m-plus in share profits and contributions including wife's salary as "consultant"
Kiichi Miyazawa, ex-Finance Minister	Y100m in share profits and contributions
Takao Fujinami, ex-Cabinet Secretary, Nakasone faction	Y87m in stock profits and cash
Mutsuki Kato, ex-Agriculture Minister, Nakasone faction	Y40m on sale of shares in daughter's and secretary's names
Katsuya Ikeda, Komeito (Clean Government Party)	Y20m on 5,000 shares bought in brother's name

Focus of interest shifts to Nakasone

By Ian Rodger

AS THE Recruit scandal claimed its biggest political victim to date yesterday, the focus of interest shifted again to Mr Yasuhiro Nakasone.

However, there was no evidence that the former prime minister, who apparently still hopes for a return to power, was distressed by the renewed attention.

Mr Nakasone was prime minister during the period in 1985 and 1986 when the Recruit group was carrying out its huge campaign of influence-buying in political and business circles. It has already been disclosed that his aides made profits of more than $1m on dealings in shares of Recruit Cosmos, and there have been allegations of a broader involvement.

However, he was all smiles when Mr Noboru Takeshita went to visit him after announcing his intention to resign. Whether the smiles derived simply from courtesy or something more complex was not clear. In the past two weeks, it has often looked as if the two men were engaged in a battle of nerves over the Recruit affair.

Nakasone: no evidence of any distress at renewed attention

It all started because Mr Nakasone held a press conference two months ago to deny that he had been involved in any way in the Recruit affair. *Opposition politicians were dissatisfied with his explanations* and demanded that he come and answer their questions in the Diet under oath. Mr Nakasone refused and the opposition responded by boycotting debate on the budget. Mr Takeshita and other LDP leaders had to back Mr Nakasone out of party loyalty, but as the deadline for passing the budget approached, they became increasingly uncomfortable.

Then, following a series of revelations about his own involvement in Recruit three weeks ago, Mr Takeshita *decided to make a voluntary* statement in the Diet and respond to opposition questions. He hinted broadly during the session that he was hoping it would pressure Mr Nakasone to do the same, but the tactic backfired. His recital of huge contributions from Recruit companies over a three-year period so upset public opinion that it set in motion the forces that led to his resignation.

Mr Nakasone was reportedly magnanimous in his meeting with Mr Takeshita yesterday, congratulating him for the main achievements of his administration, achieving tax reform and handling Emperor Hirohito's funeral with dignity.

As for the remaining problem of the opposition blocking the budget, he said he would co-operate with the Government to get it passed as soon as possible and would continue to discuss terms of his appearance.

Coincidentally, the opposition parties appeared to soften their stance yesterday, saying they would allow it to pass through the lower house of the Diet this week. They still demanded that Mr Nakasone appear, but it sounded as if a compromise was in the wind. Perhaps the former prime minister will appear voluntarily, just as Mr Takeshita did, rather than as a sworn witness. Perhaps other developments are imminent.

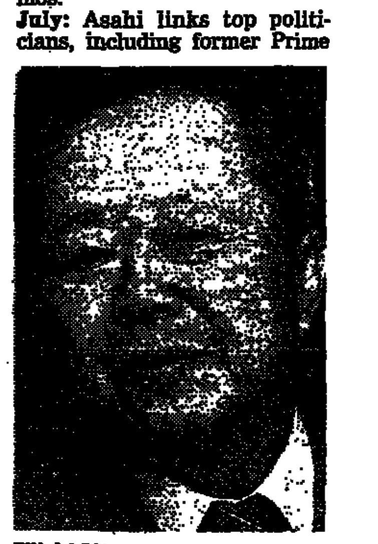
Reporters pursue Takeshita leaving his official residence after the announcement yesterday

Countdown to crisis

August 1963: Recruit founded by Mr Hiromasa Ezoe.
December 1984: Recruit sells shares in affiliate Recruit Cosmos to employees, politicians and businessmen.
September 1986: Secret sale of stock to influential people.

Ko Morita

October 1986: Recruit Cosmos goes public, shares soar from Y4,460 (£20) to Y5,900.
June 1988: Asahi newspaper publishes article alleging the deputy mayor of Kawasaki took bribes from Recruit in the form of shares in Recruit Cosmos.
July: Asahi links top politicians, including former Prime Minister Nakasone and Prime Minister Takeshita, to the list of recipients of Recruit Cosmos shares. Mr Ko Morita, president of Nikkei Shimbun, Japan's leading business newspaper, resigns after also being named by Asahi.



Kiichi Miyazawa

December: Mr Kiichi Miyazawa resigns as Finance Minister after twice misleading the diet about receiving Recruit Cosmos shares. Mr Hisashi Shinto, chairman of Nippon Telegraph & Telephone, elder statesman of Japanese industry, resigns.

Hisashi Shinto

March: Mr Shinto arrested for allegedly taking bribes.
April: Japan enters new financial year with government budget stalled. The diet is deadlocked over opposition demands that Mr Nakasone should testify. Mr Takeshita tries to clear the air by publishing a list of Recruit contributions. He is undermined by a subsequent revelation of undisclosed funds. Resigns April 25.

Masayoshi Ito, the 'Mr Clean' reluctant to be new premier

By Stefan Wagstyl

MR MASAYOSHI Ito has not the slightest wish to step into Mr Takeshita's shoes.

A dignified 75-year-old weakened by diabetes, Mr Ito has been around for several years in the inner circles of the ruling Liberal Democratic Party doing progressively less arduous jobs since resigning as foreign minister in 1981.

He knows only too well how difficult the job can be, having seen the toll it has exacted on Mr Takeshita in the past few months. Nobody doubts the sincerity of his reluctance to follow the prime minister. It is acknowledged that the strain of even a few months in office might kill him.

Yet it appears that Mr Takeshita might succeed in persuading Mr Ito to take over the presidency of the ruling Liberal Democratic Party and the prime ministership which goes with it. Perhaps Mr Ito will do it for the sake of the LDP, which he has loyally served for many years. More likely, if he accepts, it will be for the sake of Japan. His interests have always been wider than the party politics which absorb so much of his colleagues' time.

Mr Ito would do the job simply because there is no alternative. Virtually every other senior party leader from Mr *Takeshita down is in some way* compromised by his involvement in the Recruit scandal.

Ito: loyal party servant

Being clean is Mr Ito's main virtue. He is widely believed never to have received any money from Recruit. From the moment the scandal broke, he has repeatedly criticised colleagues, privately and publicly, for their involvement in the affair. The party hopes that this reputation will help Mr Ito restore its public credibility and a modicum of trust from the opposition parties.

However, Mr Ito is unlikely to be anything more than a temporary, caretaker prime minister who will commit the party to electoral reform and then step aside to let others carry it out.

He has plenty of political experience to draw on, after being re-elected to the Diet eight times for Fukushima in northern Japan. He was chief cabinet secretary, and later foreign minister in the cabinet of Mr Zenko Suzuki before he resigned on a point of principle in 1981 – a rare move for a Japanese minister.

On a visit to Washington, Mr Ito signed a communiqué which referred to the US-Japanese "alliance". When he returned to Tokyo, he was criticised by Mr Suzuki, who said there was no military alliance with the US, only a security treaty. Mr Ito said the prime minister was splitting hairs and left office.

Later he became chairman of the party's powerful policy research committee, before moving in 1987 to the less demanding position of chairman of the LDP executive council. In the past year, he has figured in several foreign policy initiatives – including preparing Mr Takeshita's visit to China and making tentative contact with North Korea.

But these talks pale in comparison with the work Mr Takeshita is now attempting to persuade him to undertake. Even the prime minister can have little inkling about the *shock and surprises* the Recruit story will spring before it is finally over.

Sighs of relief from leaders of business

By Ian Rodger

THE resignation yesterday of Mr Noboru Takeshita as Japan's prime minister brought sighs of relief from Japanese business leaders, caused a sharp rise in share prices and interest rates, and left the foreign exchange market unmoved.

The Nikkei average of 225 leading shares on the Tokyo Stock Exchange soared 438.86 points to 33,224.78. Ironically, one of the best performing shares of the day was Nippon Telegraph and Telephone (NTT), the telecommunications utility that has been implicated in the scandal.

Asked about the impact of the political upheaval on the stock market, Mr Minoru Nagaoka, president of the Tokyo Stock Exchange, said the political scene had become so unstable that the impact was not being felt much in the market.

Short-term interest rates rose sharply in anticipation of a discount rate increase by the Bank of Japan. The dollar fell a marginal Y0.21 to Y131.17 in weak trading.

One analyst said the resignation might remove some of the recent reluctance among overseas market participants to buy yen.

Business leaders welcomed Mr Takeshita's resignation and *urged the government to get* on with reforming the country's political system.

Fatal flaw that felled Mr Fixit

Ian Rodger profiles Noboru Takeshita

MR Noboru Takeshita yesterday revealed the fatal flaw that many analysts believe led to his downfall. "I did not think the Recruit scandal would lead to serious disenchantment with politicians. Also, my sense of money has too big a difference from that of the people," he said dejectedly at a press conference announcing his resignation.

As prime minister, Mr Takeshita will undoubtedly be remembered one day for many remarkable legislative successes in his 18 months of office, but the overwhelming impression in recent months has been of a man unable to understand the gravity of the crisis that was building around him, and thus unable to save himself from being engulfed by it.

In a way, this is not surprising. Mr Takeshita is the typical representative of the Japanese political system, a system based on what is in effect one-party rule by the Liberal Democratic Party (LDP). As a result, the LDP ranks are so full that promotion comes slowly, depending on seniority, good behaviour and the ability to raise lots of money.

Born in 1924, the eldest son of a sake brewing family in western Japan, Mr Takeshita graduated from prestigious Waseda University in Tokyo in *1947 but then returned to his* home town and taught English in the local high school. Like his father, he soon became active in local politics. He won his first election to the Diet (parliament) in 1958 and has been there ever since, patiently climbing the ladder to prominent office.

He entered the cabinet in 1971 as chief cabinet secretary under then prime minister Eisaku Sato, and participated in the negotiations leading to the return of Okinawa from the US. In a subsequent cabinet, he was construction minister, and then finance minister in a succession of cabinets from 1979 until 1986 when he became LDP Secretary General under then prime minister Yasuhiro Nakasone.

When his opportunity to become prime minister came in the autumn of 1987, he had no particular ideas of what he wanted to do in office. The guiding theme of his political platform was "furusato", a word which means home village, and which reflected his view that simple, rural values should be nourished.

However, he had acquired a *reputation along the way as a* master intra-party negotiator, able to iron out any tensions and build consensus within the LDP for even the most difficult project, and it suddenly seemed as if those were just the skills that were needed by a Japanese prime minister.

Under Mr Nakasone, the country had been coming under increasing pressure from foreign governments to open its markets to imports and contribute more to solving world problems. Mr Nakasone had recognised these pressures and tried hard to move the Government and Japanese people towards accepting these new responsibilities. However, his bargaining power within the LDP was limited and by the time Mr Takeshita came to power there was a long line of pending cases to be dealt with.

Despite strong opposition from entrenched groups, he managed to win agreement to open various agricultural markets and the civil engineering contracting business to foreign competition. He also pushed up Japan's foreign aid budget to the point where it is now the largest in the world.

Gradually, foreign criticism abated and Japan actually began basking in the praise of *foreign governments.* Mr Takeshita became a welcome figure in foreign capitals, and representatives of poor countries made frequent pilgrimages Tokyo looking for money. *He had also taken* on from Mr Nakasone the poisoned chalice of tax reform, a project so unpopular that it had brought down a prime minister in 1979 and nearly toppled Mr Nakasone early in 1987 as well. There too Mr Takeshita succeeded, finally pushing a package *containing a new value* added tax through the diet last December.

However, the political cost of these efforts turned out to be much higher than he expected, creating huge reservoirs of discontent around the country. When the Recruit scandal spread, people were only too happy to add it to their list of grievances against the Takeshita administration. The cabinet's ratings began tumbling late last autumn and reached an unprecedented low of 3.9 per cent, according to one poll two weeks ago. LDP candidates have fared badly in by-elections and local elections. Thus, when the details of his own involvement in the scandal suddenly emerged three weeks ago, he had no reserves of goodwill left to call upon. As Mr Takeshita implied yesterday, he never understood the fuss about the Recruit. Through his long political career, he came to take for granted the murky elements of electoral finance in Japan

Even two weeks ago, when he was forced to make a humiliating confession in the diet of the more than $1m he had received from the Recruit publishing group between 1985 and 1987, he seemed to be unaware of the extent to which this would outrage most people. "I am the prime minister, it is my responsibility to begin reforming our political system," he said brashly, only moments after admitting that he had misled the diet last October into believing that he had never received any money from Recruit. Asked if there was any possibility of further revelations of Recruit contributions, he replied airily, "I am not God, so I cannot be sure, but I am *not* aware of any."

The party is not quite over: Takeshita and friends in jovial mood the night before the resignation

Packets of cash that oil wheels of politics

By Robert Thomson in Kanazawa

IN PREFECTURAL politics, the heartland of democracy Japanese-style and the breeding ground of national leaders, business goes on. Yasuji Shimizu still pays his dues to supporters as a Kanazawa representative in the time-honoured way – a bottle of quality sake and Y30,000 (£134) at their weddings, and maybe Y50,000 in an envelope at their funerals.

Politics is expensive and, says Mr Shimizu, the Recruit scandal has damaged the image of even small-time politicians, making companies and individuals cautious about *bankrolling their* local member: "I am fortunate. At functions, people don't expect so much money from socialists like me."

More is expected of Jin Osaka, a representative of the ruling Liberal Democratic Party, and deputy chairman of the Ishikawa *prefectural* assembly, to the west of Tokyo. Apart from more generous cash gifts, Mr Osaka's constituents expect him to attend more weddings and funerals.

On average, he attends about 30 weddings a year, 150 funerals, and makes many more calls on the grieving. Last Sunday, a typical Sunday, he said, the 47-year-old politician chaired a meeting of constituents, christened a softball competition, started a marathon, attended a conference of doctors, visited a couple of branch offices, and paid his respects to the families of four deceased supporters.

While the funds needed to bankroll Mr Osaka's activities may be harder to come by, the slick career politician is likely to be a beneficiary of the LDP leadership overhaul. Politicians are supposed to wait their turn for power in Japan, but the comings and goings *this year* are almost certain to speed Jin Osaka's ascension to national politics.

With appropriate humility, Mr Osaka said that serving the local people was his only goal in life. After a little prodding, he admitted that he would go to Tokyo "only if the chance comes". And, without prompting, Mr Osaka boasted that he was probably the most powerful politician in the region, and indicated that he makes and breaks political careers.

Mr Osaka argues that personality more than party association wins votes in local politics, but conceded that the LDP link will hurt even though "I am clean". Attracting new members to the party will be particularly difficult, he presumes.

At 23, he decided to become a politician, and a year later, began the ascent as an assistant to an assemblyman. Mr Osaka, aware that a successful *national politician needs asset* backing, favours reform of political funding, but believes that "higher standards of morality" are more important.

Yasuji Shimizu had long presumed that his political comrades in Tokyo were on the take, but "I never suspected that the situation would be as serious as this". He said the extent of corruption was "shocking", not only to him as a member of an opposition party, but also as a professional politician.

Beneath the prefectural assemblies are town councils, and Togi (pop. 12,500) has a former sake company manager, Hiro Matsuda, as the local mayor. He complains that the tarnished image of national politicians had trickled down to the mayor and his peers.

Despite being regarded as a talented young politician, the mayor has no desire to make a life of politics: "It costs a lot to *be a politician and to be ambitious.*"

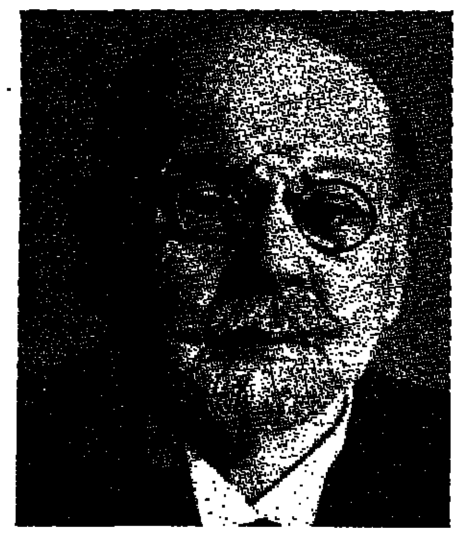
"It is personalities, not principles that move the age."

Oscar Wilde

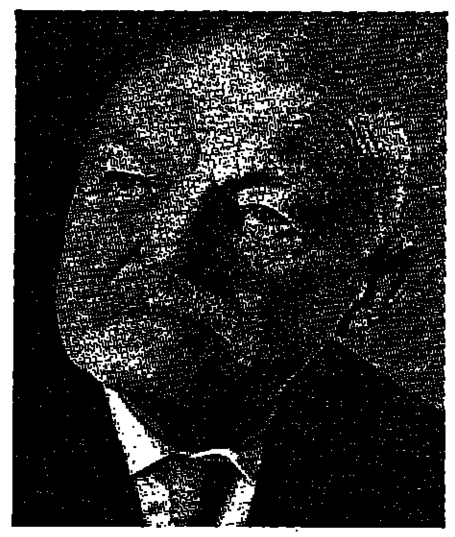

Gottlieb Daimler (1834-1900)
Automobile inventor


Karl Benz (1844-1929)
Automobile inventor


Berta Benz (1849-1944)
The first woman behind the wheel


Emil Rathenau (1838-1915)
Electrical engineer and founder of AEG


Karl Maybach (1879-1960)
Engine designer


Claude Dornier (1884-1969)
Aviation pioneer

Behind brilliant ideas, you usually find brilliant people.

Gottlieb Daimler and Karl Benz were the fathers of the motor car and Frau Benz played no small part in the development of her husband's invention. Emil Rathenau was the innovative founder of AEG and a developer of the electric locomotive. Karl Maybach was making his name as a brilliant designer of engines whilst his contemporary, Claude Dornier, was pioneering an aircraft industry that flourishes today.

These remarkable personalities made their mark in a previous age but their achievements heralded a new era for personal and commercial transport, aviation and navigation.

Now, as the 20th century draws to an end, their heritage is enriching a new organisation that will have a considerable impact on the age that dawns with the next millenium.

The new Daimler-Benz Group is comprised of Mercedes-Benz, AEG, and Deutsche Aerospace.

A new and vast technological resource has been created.

Yet the views and perseverance of its 19th century progenitors will continue to inspire the men and women of Daimler-Benz to conceive great ideas that will shape the next age for the benefit of all mankind.

Daimler-Benz

Daimler-Benz AG, Mercedesstraße 136, 7000 Stuttgart 60, Federal Republic of Germany

OVERSEAS NEWS

Indian deficit 'rises to $6.3bn'

By David Housego in New Delhi

A SHARP rise in India's current account deficit accompanied by the need for larger foreign borrowing is reported by the World Bank in its annual assessment of the Indian economy.

According to leaks in the Indian press, the Bank forecasts that the current account deficit climbed 23 per cent to $6.3bn (£3.7bn) during the financial year ending April, and will remain at that level through 1989-90. This is far higher than its projections of a year ago, when it forecast a deficit for the current financial year of $4.8bn.

As a result of the rising deficit, the foreign exchange reserves fell to their lowest level in five years, or the equivalent of only 2.5 months of imports. The Bank considers this adequate, however, particularly as India's gold reserves, calculated on the basis of current market prices, provide a further 2.7 months of import cover.

Though the report recognises the need for further external borrowing this year to avoid last year's $1.5bn depletion in the reserves, it cautions against India resorting too heavily to excessive commercial borrowings.

According to the Bank, whose comments are contained in a draft memorandum prepared for the forthcoming Aid India consortium meeting, the debt service ratio climbed last year to an estimated 28 per cent. The bank thinks, however, it could fall again to 25 per cent this year because of an increase in current account receipts and a flattening out of principal repayments.

Mounting concern over the balance of payments led Mr S.B. Chavan, the Finance Minister, to emphasise last week the need for reducing the budget deficit. But the Bank report, on which the Indian government has still to comment, casts doubt on the government's projections in this year's budget for increases in revenue, expenditure cuts and the raising of additional resources from the public sector.

Though Mr Chavan ruled out cheaper IMF borrowing in the current election year because of the conditions likely to be imposed, he has left open the possibility for next year.

The Bank says that if India is to avoid an unsustainable debt burden, it needs to achieve higher export growth coupled with smaller fiscal deficits and increased concessional lending. It argues that higher export growth could be achieved through exchange rate depreciation, reduced protection, tighter control of aggregate demand and reduced bureaucratic controls.

The rupee's real effective exchange rate fell last year by 11 per cent. Though exports in dollar terms climbed by 10 per cent last year, imports rose by 12 per cent, leaving a trade deficit of $1bn. The current account deficit as a percentage of gross domestic product climbed 0.4 per cent to 2.4 per cent.

On the brighter side the Bank sees real GDP rising this year by 9 per cent and the economy shifting to a higher level of growth. It also believes that private investment is rising rapidly.

Tehran expels eighteen Britons

By Victor Mallet

IRAN has reinforced its hardline foreign policy stance towards the West, expelling 18 Britons and accusing West Germany of involvement in a US espionage plot.

The Foreign Office in London said yesterday that the Britons were being expelled from Iran in retaliation for the recent expulsion of a similar number of Iranians from Britain. Acting through the Swedish ambassador in Tehran, the British government protested in vain to the Iranian authorities that the expulsions were unjustified.

The Iranians expelled from Britain, most of them former embassy staff, were told to leave for security reasons following the diplomatic breach between the two countries over the Salman Rushdie affair, when Ayatollah Ruhollah Khomeini called for the death of the British writer.

In Tehran yesterday Mr Mir-Hussein Mousavi, Prime Minister, was quoted as saying by the Iranian news agency that European diplomats based in Iran were linked to US spy networks whose discovery was announced last week.

Mr Mousavi singled out the West German embassy as a particular culprit and told the West German people: "You had better know that your diplomatic missions are serving US espionage agencies."

There is suspicion in the West that the Iranian espionage claims may have as much to do with internal Iranian power struggles as with American spies. But there is no doubt about the meaning of the increasingly radical Iranian foreign policy statements which have followed the Rushdie affair.

At least two senior Foreign Ministry officials who favoured better relations with the outside world have resigned.

Since the start of the Iran-Iraq war in 1980 West Germany has been one of Iran's main trading partners. This week, however, even before the spying charges, Iran accused West Germany of helping Iraq to make missiles and chemical weapons and threatened to cut back its trade links.

Armscor, symbol of South Africa's outsider status

Pretoria's weapons have proved to be irresistible to buyers worldwide, writes Anthony Robinson

ARMSCOR, the Government-controlled arms corporation at the centre of Pretoria's current row with Britain, is both symbol and product of the country's "outsider" status. The embarrassing exposure of plans to acquire Blowpipe missile technology in an alleged arms swap with Irish Protestant extremists is the latest in a long list of clandestine operations.

Created in 1977 to counter the effects of the mandatory UN embargo on arms sales to South Africa, Armscor has used all the strategems in the book to ensure the inflow of foreign technology and develop export markets.

Armscor's 10 subsidiaries and 975 private-sector sub-contractors employ 90,000 workers, mostly black. Ironically, it has been so successful that three years ago the UN passed another resolution obliging its members to stop *buying* arms from South Africa.

The corporation publishes few figures and never comments on its customers. But the UK's Jane's Defence Weekly estimates that in 1987 Armscor exported arms and ammunition worth nearly $500m to 23 countries. Weapons designed for fighting in bush conditions in southern Africa have proved irresistible to UN members requiring battle-tested equipment.

The long-range G-5 cannon, designed to outshoot Soviet-supplied heavy artillery in Angola, turned up in Iraqi hands during the Iran-Iraq war, while Buffel mine-resistant armoured personnel carriers were sold to Sri Lanka, where the Government deployed them against Tamil separatists.

Botha: his government has been embarrassed by the exposure of the latest in a long list of clandestine operations

One of Armscor's selling points is that its salesmen ask few questions, are not restrained by parliament or congress, and keep the deliveries flowing if the bill is paid.

To fill technological or product gaps, Armscor's agents and salesmen are always on the lookout for ways to purchase or obtain vital components, technology or skilled personnel. When Israel abandoned its Lavi jet fighter project two years ago, South Africa was suddenly awash with young Israelis and their families.

But long before this, Armscor had been quietly co-operating with Israel on several defence projects. The Cheetah fighter, an update of South Africa's ageing Mirage 3 fighter-bombers, bears a striking resemblance to the Israeli Kfir fighter. Armoured cars, tanks, artillery and small arms developments in both countries have also benefited from years of discreet co-operation.

Pretoria's good relations with several South American régimes have also proved useful. In March last year, a Paraguayan diplomat was expelled from Brazil for his role in a complex smuggling operation in which military equipment from West Germany found its way to South Africa via Brazil.

Until now, Pretoria has tended to shrug off the embarrassments which follow when deals go wrong. Even in this latest case, senior ministers were quick to reaffirm Armscor's duty to obtain relevant technology where it could. In principle, however, Pretoria draws the line at supplying arms to terrorist organisations and has promised an inquiry into the latest incident in which three extreme Ulster loyalists were allegedly involved in "Operation Blowpipe".

Not for the first time, South Africa now risks major damage to its image. The danger, where understood in Pretoria, is that South Africa's opponents will use the opportunity to undermine Mrs Thatcher's efforts to broker a negotiated political settlement in southern Africa, and again cast Pretoria in the role of unscrupulous outsider.

China backs UK passports for 3.4m HK citizens

By John Elliott in Hong Kong

CHINA has no objections to 3.4m Hong Kong citizens being given British passports and a right of abode in the UK, Zhou Nan, a vice-foreign minister, told a group of British MPs in Peking yesterday.

This is the first time China has stated this categorically. It means that the British government, which has been refusing Hong Kong people full passports, can no longer plead that such a move might upset Peking.

Zhou said China had no objections to Hong Kong introducing a Bill of Rights before the colony reverts to Chinese sovereignty in 1997. Other officials are believed to have indicated that Peking is likely to amend Hong Kong's post-1997 Basic Law, which is now being drafted, to take account of growing demands for faster development of democracy.

Zhou's remarks have strengthened the determination of most of the MPs to tell the British government that passports should be issued to at least some special groups such as public servants and the colony's Indian and Pakistani community.

This recommendation would be contained in a report which the House of Commons Foreign Affairs Committee is expected to publish in July.

"We found in Peking that the government had a common interest and aim in maintaining confidence in Hong Kong", Mr David Howell, chairman of the committee, said before flying home to London.

Plea to halt Jordan crackdown

By Lamis Andoni in Amman

JORDAN'S professional organisations appealed to King Hussein yesterday to call a halt to a security crackdown on political activists following last week's rioting over price rises.

In a telegram the leaders of 11 professional groups, with a membership of at least 50,000, urged the King to release political activists who have already been arrested and to stop the harassment of prominent professionals.

The crackdown, which started on Thursday night, initially targeted members of the banned Jordanian Communist Party. But this week the security services have reportedly arrested some members of the Jordanian wing of the Democratic Front for the Liberation of Palestine and the Popular Front for the Liberation of Palestine in the northern city of Irbid and in the Amman area.

At least 200 activists are said to have gone into hiding, including Mr George Hadadin, the president of Jordan's Geologists' Association. The telegram said the security forces broke into Mr Hadadin's house two nights ago and stayed there for three hours until 3am, waiting for him in the presence of his wife.

Mr Hadadin had signed an appeal to Crown Prince Hassan urging the Palace to intervene and form a new government with popular support. Mr Zeid Rifai, the Prime Minister, has since resigned.

"This is an example of the persecution of some channels of legitimate expression during the recent period, where it became an adventure to complain to Your Majesty for fear of being persecuted," the telegram said.

An atmosphere of cautious expectation prevailed in Amman yesterday, as the King continued his consultations to appoint a new cabinet. The violent protests, triggered by price increases in line with an economic reform programme backed by the International Monetary Fund, first erupted in the southern desert town of Maan last week.

Arab peace force plan for Beirut

By Jihan el-Tahri in Tunis

ARAB League foreign ministers are expected to consider plans for implementing a ceasefire in Lebanon and sending an "Arab disengagement force" to Beirut when they hold a hastily-arranged meeting in Tunis today.

The League's six-member committee on Lebanon was due to meet last night to draw up its final proposals, confident of international support for the League from other countries anxious not to become too closely involved in Lebanon's 14-year-old civil war.

"We will investigate several proposals for a step-by-step solution that will lead to national reconciliation in Lebanon," said one senior League official. "But the essential point is to enforce a ceasefire first that can be maintained."

Members of the proposed force – which is not expected to be very large – would probably act only as observers.

In Beirut yesterday artillery bombardments broke a week-long lull in the fighting between General Michel Aoun on the Christian side and his Syrian and Syrian-backed Moslem opponents.

The Arab League plan, if implemented, would involve the organisation more deeply in Lebanese affairs than at any time since 1976, when it agreed to an Arab Deterrent Force of Syrians and a few troops from other Arab countries such as Saudi Arabia.

Seoul cuts trade surplus with US

By Maggie Ford in Seoul

SOUTH KOREA'S battle against trade pressure from Washington received a boost yesterday, as central bank figures showed a reduction in the March trade surplus with the US to $339m (£199m) from $793m in March last year.

Seoul is facing a listing under the "super 301" section of the US Omnibus Trade Act and officials have mounted a strong lobbying campaign to convince Washington that they have changed their ways.

The March figures back up their claims, showing a current account surplus of $422m, compared with $1.1bn a year ago. The trade surplus with the US, on a customs cleared basis was down from $1.8bn in the first quarter of last year to $1.2bn this year, the Bank of Korea reported.

Exports rose 9.8 per cent in March, compared with a 33 per cent rise last year, and imports were up 23 per cent, compared with last March's 34 per cent increase.

The figures bring the total current account surplus for the first quarter to $1.5bn, compared with $2.9bn in the first quarter of 1988.

The trade surplus moderated from $2.8bn last year to $1bn this year. The Government's target is to keep the current account surplus below $10bn this year.

WORLD TRADE NEWS

Japan approaches the Super 301 test

Nancy Dunne on whether Tokyo will be a US target for retaliation over trade practices

MRS CARLA HILLS, the US Trade Representative, caught the mood of the Congress and the country just right when she promised to open foreign markets with a crowbar, if necessary. Congress is watching to see if the new administration will follow its "macho" words with action.

Most of all, it is waiting to see how President Bush will handle the trying question of Japan. Deadlines, imposed under last year's Omnibus Trade law, will require a decision soon.

The National Trade Estimates report, due out on April 30, will list "unfair trade practices" of US trading partners. This report, plus comments filed by US industry, will provide the basis for the Administration's decision, on May 30, to single out specific countries for the much-feared "Super 301" provision.

Super 301 requires the US Trade Representative to pursue the elimination of "priority unfair practices", an attempt to attack the entire web of impediments which slow or deny market access. Negotiations with "priority countries" must proceed over a three-year period, with progress being shown in each of the three years. Unless there is progress, there must be retaliation.

Super 301 differs from Section 301 trade cases, which are targeted against specific industries or practices.

Japan is and always has been Congress's prime candidate for Super 301. Years of *negotiations and battering* by industry groups at the doors of Japanese markets have yielded some successes, but, in the end, failed to dent most of the invisible trade barriers. The US trade deficit with Japan exceeded $50bn last year and shows little sign of improvement in 1989.

It is President Bush's unenviable task to address the growing fears of Americans about Japan's growing economic might and to drive a path for US exports in its protected markets, while knowing that the broader interest of both the US and Japan calls for a strengthening of economic and military ties.

His advisers are aware, as most of the public is not, that the two economic superpowers have grown so interdependent that sanctions targeted at Japanese business may boomerang upon their US partners and customers. A case in point was the semiconductor dispute, which in 1986 required a lengthy investigation to determine what retaliation could be imposed upon the Japanese electronics industry, since many of its wares are components of US products or are re-labelled and sold by US companies.

The Administration clearly would like to avoid naming Japan as a Super 301 nation. Mr Robert Mosbacher, the US Commerce Secretary, last month told a congressional committee that trade reprisals do not work; they tend to close rather than prise open international markets.

Even Mr Clyde Prestowitz, the former Commerce official and guru of trade hawks, has expressed doubt about naming Japan under Super 301. "We equate a lack of openness with unfairness. It's hard to negotiate rationally with guys you are categorising as cheats."

In considering Super 301 actions, the Administration is permitted leeway to take political effects into account and there is concern, after the announcement of the resignation of Mr Noboru Takeshita, the Japanese Prime Minister, that a more intransigent leadership could succeed him.

Almost all economists believe the bulk of the trade imbalance could best be remedied through macroeconomic solutions. The Government's Advisory Committee for Trade Policy and Negotiations, in a recent report, stressed the necessity for bilateral policy co-ordination with Japan.

A gradual US budget deficit reduction would slow growth in domestic demand, reducing imports and freeing capacity to produce for export, the report said. At the same time, Japan should redouble its efforts to stimulate domestic demand and adopt structural reforms to boost imports.

"Failure on the part of either country to make macroeconomic policy adjustments will doom any trade strategy to failure, because the trade imbalance will not substantially improve," the report concluded.

Another prestigious task force established by the Centre for Strategic and International Studies, chaired by Democratic Senator Bill Bradley and former US Trade Representative Bill Brock, called for closer consultation with Japan and joint action to address "the most critical trade crisis in 50 years".

Senator Bradley in two recent speeches insisted that "trade disputes cannot be allowed to dominate the US-Japan agenda". He suggested the formation of a Pacific Coalition, along the lines of the Paris-based Organisation of Economic Co-operation and Development. It would serve as "a microcosm of the world" and include the US, Japan, Canada, Australia, Mexico, South Korea, Indonesia and Thailand to grapple with global trade and economic issues.

Although the Administration would rather co-operate than battle against market barriers, a macroeconomic remedy seems impossible as long as the President clings to his "no new taxes" campaign pledge and obscures the lack of progress towards reducing the budget deficit. Lacking that alternative and with the expectation that the trade deficit will climb this year, the pressure is to go the root of confrontation – even though it is fraught with danger for US-Japanese relations.

Even the Administration's Advisory Group concluded that the Japanese respond best to the use of tough, persistent threats rather than "friendly advice and discussion". Or, as Democratic Congressman Richard Gephardt said: "When we stand up, they open up." It is a lesson *Congress absorbed* years ago before producing Super 301 and the only one it has been able to put into law.

Industrialists weigh in with a hit-list

AS the Bush Administration weighs the pros and cons of naming various trading partners as Super 301 "unfair traders", the US Trade Representative has been inundated with industry nominees for the list, due out on May 30, writes Nancy Dunne.

Japan was among the countries selected by the US Chamber of Commerce for Super 301 status, along with Brazil, India and Korea. Other groups have named Japan as a proposed target for its barriers to: construction-related services, auto parts, film and cameras, radio telecommunications equipment, confectionery products, figs and inadequate trademark protection.

The US Semiconductors Industry Association and the American Electronics Association have also urged that Japan be targeted for failing to give US and other foreign-made semiconductors a sufficiently large share of its market.

Chrysler Corporation has weighed in with its own proposal to name Japan to the Super 301 list for its barriers to US car imports. The company says these include: restrictive distribution systems; a prohibitive certification system; high insurance premiums on imported cars, and a consumption tax which discriminates against luxury cars and imports.

Chrysler has also asked that South Korea, the EC and Brazil be targeted as Super 301 countries.

The EC has had relatively few nominations but it has been targeted by the National Electrical Manufacturers Association for its government procurement practices and by the American Dehydrated Onion and Garlic association, the US Poultry & Egg Export Council, the National Food Processors Association, and Polaroid Corporation for alleged trade barriers.

South Korea was recommended for the list by several industry groups.

These included the Motion Picture Association of America, the Automotive Parts and Accessories Association, the National Potato Council, the Chocolate Manufacturers Association, the Pharmaceutical Manufacturers Association and the National Forest Products Association.

Carla Hills: Congress is watching carefully to see if she does indeed pick up a crowbar to prise open overseas markets

China on way up as commercial shipbuilder

JAPAN is reasserting its dominance as the world's leading commercial shipbuilding nation, while China is moving up rapidly among the 10 leading producing countries, the Shipbuilders Council of America said yesterday, AP-DJ reports from Washington.

China currently ranks third in terms of new commercial ship orders.

In contrast, the council said, US shipyards on January 1 1989 did not have a single order for new commercial vessels and the last order for a commercial vessel placed with a US yard was in 1984.

At the start of this year, the council said, Japanese yards had a backlog of orders for 213 commercial vessels of various types totaling nearly 10m deadweight tons. This was up from 159 vessels (about 8.4m dwt) at the start of 1988.

South Korean yards saw their order books drop from 131 vessels at the close of 1987 to 115 at the end of last year.

However, a table prepared by the council as part of its annual survey of the international market showed that the total deadweight tonnage of ships under construction in South Korea at the start of this year exceeded the tonnage figures for Japanese yards.

Talks in Peking for UK minister

By Colina MacDougall

MR Christopher Patten, Britain's Minister for Overseas Development, will lead the UK delegation to the Board of Governors' annual meeting of the Asian Development Bank in Peking from May 4-6. He is also expected to discuss Britain's aid programme to China.

The talks will cover export projects to be financed under the £300m soft loan signed last autumn. These are likely to be in the fields of energy and infrastructure. Other British aid to China includes an earlier soft loan of the same amount, plus scholarships and similar projects.

Mr Patten will also visit Thailand for four days, starting on April 30. He will sign a financial protocol on concessional finance from Britain.

Asian economies 'must shift further from export dependence'

THE FOUR newly industrialising economies of Taiwan, South Korea, Hong Kong and Singapore will have to do even more to adjust their economies away from export dependence if they are to avoid further international trade friction, according to a study by Morgan Guaranty Trust, writes Peter Montagnon, World Trade Editor.

The study, published just as the Bush administration is preparing a new list of countries to target for action for unfair trading practices, says that all four countries are now relying more heavily on domestic demand for their economic growth. But this has created inflationary problems and wage pressures at home and their current account surpluses remain unacceptably high.

This year their collective current account surplus may fall by no more than one quarter from the $32bn recorded in 1988, Morgan Guaranty says in its regular review of World Financial Markets. The four Asian countries "should not assume that major adjustment effort is behind them."

All four should allow their currencies to appreciate substantially, it says. The delay in doing so has exacerbated their inflationary problems.

South Korea and Taiwan in particular are vulnerable to charges of having manipulated their currencies for trade policy reasons, because they have chosen to insulate their exchange markets through a complex web of capital controls. But Hong Kong and Singapore have "outdated" exchange rate policies.

Hong Kong should choose a favourable moment to repeg its dollar at a higher level. This would be less risky than an upward float, it says.

Examining the developments in each of the countries, it says Taiwan has moved furthest along the road to domestic demand-led growth, South Korea is in train, Hong Kong and Singapore are "just getting started".

Last year Taiwan's domestic demand surged by 16 per cent and net export growth was sharply negative. Growth in domestic demand is expected to pause this year and Taiwan's current account surplus will narrow only marginally to around $9bn.

Similarly South Korea's surplus is unlikely to fall below $10bn *despite* the poor first quarter outturn and current worries over strikes.

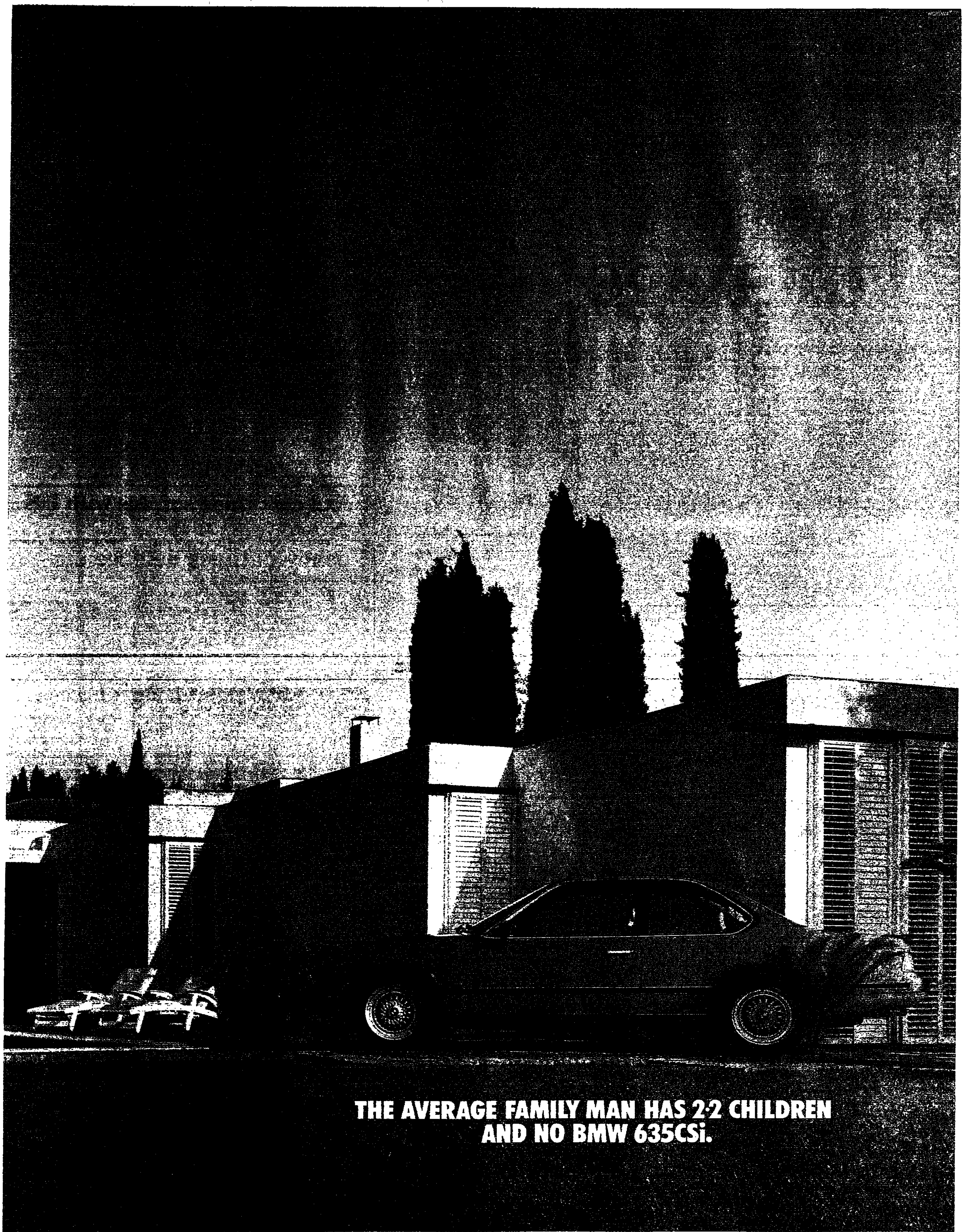
The study questions whether it is sensible for Korea and Taiwan to use their surplus to repay debt and build up reserves respectively. At some $90bn Taiwan's reserves are 75 per cent of Gross Domestic Product, six times higher, according to this ratio, than those of Japan. More could be done in both countries to increase living standards.

Serious problems also remain in both countries over progress in liberalising their markets to imports of goods and services. Tariff cuts are *too slow. Tariffs remain too high* on specific products and in both countries some products are still blocked altogether.

Neither country has yet established a strong record on protecting intellectual property. Both place restrictions on the activities of foreign banks and Korea has postponed but not abandoned a proposal that would require new foreign direct investors to sell equity stakes to residents.

"In all these matters, Korea and Taiwan cannot afford even the appearance of illiberality," Morgan Guaranty says.

Taiwan *also* badly needs to join the General Agreement on Tariffs and Trade. It should not wait indefinitely until the question of China's readmission is settled, it adds.


THE AVERAGE FAMILY MAN HAS 2·2 CHILDREN
AND NO BMW 635CSi.

AMERICAN NEWS

Abortion tests US Court's balance

The only woman justice holds the swing vote, Janet Bush says

The US Supreme Court today hears arguments on an abortion rights case which, but for two facts, would be no more momentous than dozens of similar cases reviewed since the 1973 *Roe v Wade* decision established a woman's right to choose under the constitution.

The case is a challenge by the state of Missouri to a decision by the US Circuit Court of Appeals which struck down certain sections of Missouri state law which limited access to abortion.

It has created an explosion of public interest first, because the Bush administration has urged the Supreme Court to use it as a vehicle to overturn *Roe v Wade*; The Bush administration will speak for 10 minutes of the half hour allotted to Missouri. Secondly, for the first time since *Roe v Wade*, there is no guarantee of a pro-choice majority.

The *Roe v Wade* decision said a woman's constitutional right to privacy included rights to an abortion in the first three months of pregnancy. The Missouri law says "the life of each human being begins at conception" - the central premise of the anti-abortion side which wants the historic 1973 decision overturned. If *Roe v Wade* is overturned, authority to legislate on abortion rights would be handed back to individual states.

The Supreme Court has been bombarded with mail and received 78 friend-of-the-court briefs, 20 more than ever before submitted for a single case. These are written arguments received from different groups, including 167 scientists, 11 of whom are Nobel Laureates, 2,887 women who have had abortions, and the US Government itself.

Roe v Wade was passed by a 7-2 majority. Four justices remain who still support that decision as well as the two original dissenters. Supreme Court justices are appointed for life.

That leaves the three Conservatives appointed by President Ronald Reagan. Two of them - Justice Anthony Kennedy and Justice Antonin Scalia - have not written abortion decisions thus far but both are thought to be hostile to abortion.

The third justice is the only woman on the Supreme Court, Justice Sandra Day O' Connor, appointed by President Reagan in 1981 and widely thought to control the swing vote.

She has written extensive opinions hostile to *Roe v. Wade* but these are so complex that it is difficult to judge whether she would go so far as to overturn the 1973 decision completely.

The outcome of today's hearing is by no means clear-cut. Abortion issue experts believe that it is unlikely that *Roe v Wade* will either be strongly reaffirmed, in the course of the much more specific judgement on the Missouri case, or overturned.

A resounding reaffirmation seems unlikely given the political complexion of the Supreme Court. On the other hand, there are numerous disadvantages to overturning the 1973 decision.

First, the decision to overturn would doubtless be a very close one and the Court may be reluctant to allow such a fundamental re-evaluation of the constitution to rest perhaps on a single vote, according to Mr Rachael Pine, of the American Civil Liberties Union's Reproductive Freedom Project.

This outcome would be particularly contentious as opinion polls have consistently shown that the vast majority of Americans are pro-choice.

Secondly, the justices are aware that handing back the power to legislate on the abortion issue to individual states could be a recipe for social chaos.

Women denied access to abortions in their home states would, as in the past, travel to more liberal states but only those who could afford it.

Ms Norma Corvey, Roe of *Roe v Wade*, was unable to obtain a legal abortion in her home state of Texas and could not afford the fare to California which had liberal laws: she had the baby and gave it up for adoption. Others, as every pro-choice group has argued, may resort to dangerous back-street abortions.

There is no clearly formulated policy on whether there should be criminal sanctions if abortion were to be made illegal in some states. Should women as well as doctors be prosecuted?

Thirdly, the Supreme Court may be concerned to preserve its "institutional integrity". The ACLU's Ms Pine said: "You can't have the constitution changed every time a new political wind blows in Washington."

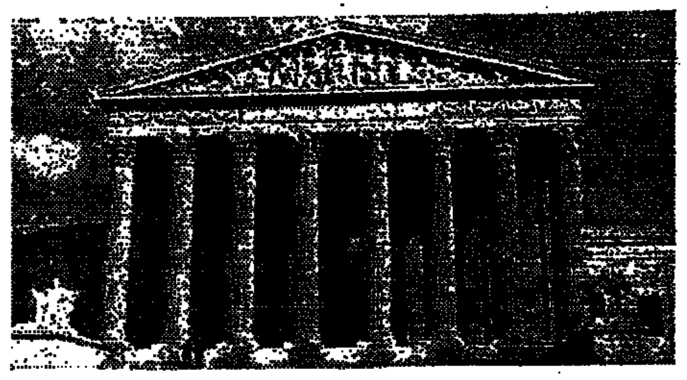
The abortion issue has become the focus of a debate about the balance of power in the American system itself. Some argue that the popular view would be given more effective expression if the power to legislate on abortion were to be returned to state legislatures.

Others argue that the Supreme Court is a necessary check on the power of state politicians who have so often voted against the majority of their own constituents. The Supreme Court, which for example, ended the racial segregation of schools, is a powerful upholder of the constitution against political interference and is the ultimate protector of individual rights.

Most experts on the abortion issue believe the Supreme Court will sidestep the broader constitutional issue. It may, however, uphold certain limits on abortion in Missouri state law and so tacitly signal a softening in its protection of the right. So far, the Supreme Court has upheld the right to abortion in full in every case brought before it.

In the end, the decision may come down to a quirk of history - that of the crucial vote being held by the only woman ever to have been elected to the Supreme Court.

Ms Eve Paul, vice-president of legal affairs at the Planned Parenthood Federation of America, said: "Justice O'Connor may be reluctant to go down in history as the first female Supreme Court justice, responsible for reversing the most important victory for women's rights ever achieved."



US Supreme Court: may sidestep the broader constitutional issue

Durable goods orders point to US slowdown

By Peter Riddell, US Editor in Washington

FRESH evidence that the US economy is slowing down came yesterday with a 0.8 per cent increase in new orders for manufactured durable goods in March. The rise was smaller than forecast.

This follows falls of 3.6 and 2.8 per cent in the previous two months. The pattern has been distorted by sharp fluctuations in aircraft orders: a big jump in these in March more than offset a drop in car orders.

Excluding transport equipment, durable goods orders declined by 2.8 per cent in March, following smaller drops in the previous two months.

While the figures point to a future slowdown in expansion, there is still a sizeable backlog of unfilled orders.

Cheney outlines defence cuts

By Lionel Barber in Washington

MR Dick Cheney, the new US Defence Secretary, yesterday voiced strong opposition to possible Congressional efforts to cut back US troops in Europe on budgetary grounds.

Mr Cheney told the House Armed Services committee the US should not make unilateral cuts in response to as yet unfulfilled proposals for force reductions made by Mr Mikhail Gorbachev, the Soviet leader.

Outlining what he described as "very, very painful cuts", Mr Cheney described plans to save $10bn in a defence budget of $295.6bn for fiscal year 1990, which starts in October.

While some Republicans grumbled about the cuts in weapons programmes, other Democrats suggested the Bush administration has deferred the tough choices for fiscal 1990 until it becomes clear whether the US and the Soviet Union can reach agreement on reducing strategic and conventional forces.

Mr Cheney, only 39 days in the job, has had only marginal influence on this year's spending targets which were agreed earlier this month between Congressional leaders and administration officials.

Mr Bush has already dropped President Reagan's 2 per cent real increase in defence spending and settled for zero growth in 1990, a 1 per cent increase in 1991 and 2 per cent in 1992. Last week, he overruled Mr Cheney and backed the development of both the MX and Midgetman mobile missiles.

Admiral William Crowe, sitting alongside Mr Cheney, said he supported the budget with reluctance. US defence spending had fallen 12 per cent in real terms in the last four years, he said, urging the maintenance of present force structure "until we have a clear understanding of where the Soviet Union is going".

Mr Cheney, a former Republican Congressman from Wyoming, offered a preview of some of the cuts he intends to make: retiring or transferring to the reserves one aircraft carrier, seven destroyers and ten frigates; scrapping the F-15E ground-attack jet and delaying production of the B-2 Stealth bomber by one year; and cutting "Star Wars" research by $1bn to a new total of $4.6bn.

In addition, the Army has been told to scrap production of the AH-64 Apache helicopter after fiscal 1991; the Marine Corps must give up its new V-22 Transport aircraft; and the Navy must defer some purchases of the F-A-18 jet fighter and to cancel its planned last purchase of an SSN-688 nuclear attack submarine.

Chile increases interest rates

CHILE'S central bank has raised interest rates in order to slow down an overheating economy, reports Barbara Durr from Santiago.

Mr Enrique Seguel, the new Minister of Finance, said growth during the first two months of 1989 was 8.2 per cent and last year's economic growth rate has been revised upwards to 7.4 per cent from 6.8 per cent.

Interest rates have been raised between 0.3 to 0.4 percentage points on readjustable instruments of 90, 180 and 360 days.

Argentine currency falls sharply

By Gary Mead in Buenos Aires

ARGENTINA'S economic crisis continued yesterday as the austral again broke all records by sliding to 100 for $1 in many unofficial exchange houses in Buenos Aires.

The rate of depreciation, from 17 australs to $1 at the end of January this year, has confounded even the most gloomy forecasts.

Mr Juan Carlos Pugliese, who has been in his post as Economy Minister for just three weeks, said there was nothing more he could do to halt the flight from Argentina's national currency. He attributed the recent fierce demand for US currency to the imminence of presidential elections (due to be held on May 14).

In an interview on Monday he said he had no plans for altering current economic policy in order to "stop people being or not being afraid because they do not know what will happen after the 14th." He described the demand for US currency as reflecting political fears rather than economic realities, and said that the monthly rate of inflation for April will probably reach 35 per cent, with 40 per cent in May.

According to one analyst, the rate of increase of average wholesale prices in April has already surpassed 48 per cent. Monthly interest rates for large investors stand at 100 per cent, as banks try to attract urgently needed australs back into their vaults. Central bank reserve requirements, as high as 85 per cent in some cases, have meant an imminent liquidity crisis for some private banks.

Canadian Government in move to impose sales tax

By David Owen in Toronto

THE Canadian Government intends to go ahead with plans to implement a broad-based federal sales tax without the co-operation of the provinces.

The decision, announced yesterday by Mr Michael Wilson, the Finance Minister, follows two years of negotiations in a bid to put together a mutually acceptable joint sales tax. Concern in the provinces centred primarily on the possible consequences of introducing the new tax during provincial elections, and on federal encroachment on an area of provincial jurisdiction.

The move is likely to mean provincial and federal sales taxes are levied separately on goods and services in all provinces except Alberta, which does not levy a sales tax. The federal tax would replace the current 12 per cent federal manufacturers sales tax, which is levied only on manufactured products. Officials hope the new tax will be in place by January 1991.

Mr Wilson offered no details on the rate, scope or design of the proposed tax but he promised to touch on the subject in tomorrow's budget address.

It is thought that pressure to reduce the near C$30bn (about US$25bn) federal budget deficit may prompt him to revise his previous position that the sales tax reform would be revenue-neutral and would not generate more tax revenues overall.

Mr Wilson has said in the past that groceries, prescription drugs and purchases by municipalities and institutions such as universities and hospitals would be exempt from the new tax. The manufacturers sales tax currently raises some C$13bn in revenues.

In comments before the Commons finance committee, Mr John Crow, governor of the Bank of Canada, suggested that a federal sales tax could be "quite damaging" to the economy were it to trigger general price increases.

"If it is seen as a reason to raise other prices... the result would be quite damaging because of the inflation process," Mr Crow said. The governor is currently under fire from many quarters for raising interest rates in a bid to quell inflation.

Brazilian deputies set for 30 per cent pay increases

By Ivo Dawnay in Curitiba, Brasilia

BRAZIL'S federal deputies look set this week to vote themselves a 30 per cent pay rise at a time of growing industrial unrest around the country over government efforts to limit wage increases to 19 per cent.

Salaries in Congress's lower chamber would triple in a period of less than five months to more than 100 times the national minimum salary. The increase would raise the basic monthly pay for 495 deputies to Ncz 7,787 (roughly the same figure in US dollars).

The increase which is likely to provoke widespread protests – is virtually certain to go ahead. A clear majority of deputies has already backed the proposal, which would also apply to senators.

So far, the only objection from within Congress has come from Senator Fernando Henrique Cardoso, a Social Democrat, who has suggested that the increase should be confined to 26 per cent under an inflation-linked formula no longer available to ordinary workers.

As in the past, it is thought likely that an all-party agreement will be reached on the new salary rates to avoid any specific political grouping having to face public criticism alone.

The Government's pay recommendations seek to confine all workers' pay increases to between 11.3 per cent and 18.7 per cent.

Union leaders are seeking rises of up to 50 per cent to make up for salary losses incurred by inflation rates that last year neared 1000 per cent.

In several incidents across the country recently citizens' groups have sprung up to try to prevent town councillors voting themselves similar large increases, cramming public galleries with angry protestors.

During demonstrations Brazilians frequently hurl coins and bank notes at their representatives in a contemptuous gesture, symbolising the widely held view that politicians merely line their own pockets at the country's expense. Strikes are currently under way in several public sector industries and services ranging from bank employees to teachers.

UK NEWS

Banks seek $35m from Lloyd's insurers

By Raymond Hughes, Law Courts Correspondent

AN INTERNATIONAL syndicate of banks is claiming more than $35m from underwriters at Lloyd's, the private London insurance market, under a political risk insurance policy.

The case, which started in the London High Court yesterday, stems from the collapse in 1983 of a proposed compact of free association between the US and the South Pacific island republic of Palau, about 500 miles south-east of the Philippines.

The banks are Morgan Grenfell, Morgan Guaranty Trust, Orion Royal Bank, Bank of Scotland and Bank of Tokyo.

In the contested action they are suing Mr Christopher Rome and Mr Ian Thomson as representative Lloyd's underwriters, for failure to pay out under an insurance policy, and brokers Willis Faber & Dumas for alleged breach of a duty of care owed to the banks.

The syndicate banks had guaranteed repayment of a $24.3m Export Credit Guarantee Department-supported loan from International Westminster Bank and an $8.2m loan from County Bank, a NatWest subsidiary, to Palau for the purchase of a power station.

The five banks had covered themselves by taking out contract frustration indemnity insurance at Lloyd's. Willis Faber was the broker.

Palau defaulted on repayments of the loans, the guarantees were called on, the banks paid up – but the underwriters refused to pay out under the insurance policy. They alleged the banks had not disclosed material facts when the policy had been agreed.

Those facts related to a plebiscite in Palau over the free association pact with the US. In the High Court action, the underwriters deny liability, alleging that the banks had failed to disclose the fact that, at the time the policy was agreed, there had been indications that the necessary majority would not be forthcoming in the plebiscite.

Merrill Lynch fails to secure patent on programmed trading

By Alan Cane

MERRILL LYNCH, the US-based financial services group, has failed in its latest attempt to secure a patent in the UK on a "programmed trading" computer system of the kind which is believed to have contributed to the speed of collapse of US stock markets in the October 1987 crash.

The computer system – basically a set of computer software programs – is already protected by patent in the US and Merrill Lynch has licensed it to other financial services companies.

The decision had been eagerly awaited by patent specialists who hoped that it would help to clarify the position of software and computer systems under the 1977 Patent Act.

Merrill Lynch's lawyers and patent agents were, however, angry and disappointed by the result.

The "Trading Support System (TSS)" is an automated trading system which retrieves and stores the best current bid and offer prices, qualifies and executes buy-and-sell orders and sends reports to customers and to stock market reporting systems.

It can be programmed to buy or sell stocks automatically when prices reach levels set in advance by customers and it is thought that stockbroker systems of this kind, acting in unison, accelerated, if not initiated, last year's fall on so-called Black Monday.

Merrill Lynch had already failed to secure protection for the system either from the UK Patent Office or the Patent Court. Last Friday the Court of Appeal turned down its latest attempt.

Lord Justice Fox, sitting with Lord Justice Stocker and Lord Justice Taylor, concluded that the system was not a patentable invention.

UK patent law disallows for patent purposes computer software and "schemes, rules and methods" for doing business.

Merrill Lynch had claimed that the combination of computer hardware and software involved in the system constituted a new and patentable machine.

Lord Justice Fox disagreed arguing: "The end result is simply a method of doing business. The fact that the method of doing business may be an improvement on previous methods does not seem to me to be material."

Mr Howard Milhench of patent agents R.G.C.Jenkins, who had been acting for Merrill Lynch, said the US was far ahead of Europe in provisions for patenting software.

He believed that the Court of Appeal had been more concerned to support the Patent Office position than to address the problem of software patent.

He thought it was an "utter disgrace" that the company had been refused leave at each stage of its action to appeal to higher courts on what he believed to be a matter of considerable public interest.

Merrill Lynch's lawyers in New York are now considering whether to petition for leave to appeal to the House of Lords, which is the final avenue of any appeal procedure under British law.

Mr Gary Dolan, a Merrill Lynch counsel, said the purpose of securing a patent for TSS in the UK was in part to enable the company to license the system to other companies.

If they discovered competitors using automated trading systems which infringed their patent they would look for royalties rather than attempt to drive the offending company out of business.

With most large trading houses working discreetly on electronic systems for competitive advantage, seeking out patent infringements might seem a problem.

Patent specialists this week said there were "ways and means" of discovering what systems a competitor was using.

One recommended siting a radio receiver and video screen outside a suspect's offices to monitor traffic through its computer systems.

Motorola wins Japan telephone contract

By Terry Dodsworth, Industrial Editor

MOTOROLA, Britain's largest car telephone maker, has made a breakthrough in the highly-competitive Japanese telecommunications market with a contract to supply mobile telephones from its plant at Stotfold in Bedfordshire.

The company has already begun deliveries of handsets for pre-launch tests, Mr Don Burns, Motorola's vice president for European cellular services, said yesterday. After the start-up in July of the new DDI mobile phone network, the company expected to sell "significant volumes" to the Japanese, he added.

The deal with DDI, which is being established to create competition for the service run by NTT, the national Japanese telephone operating company, follows rapid expansion by Japanese car phone manufacturers in the UK.

NEC and Panasonic, the two leading Japanese suppliers, are among the top four manufacturers in the British market. Two years ago, Motorola prompted a European Commission anti-dumping investigation against the pricing policies of the Japanese companies. However, this was dropped a few months ago after the establishment of UK car phone production facilities by both groups.

Motorola, a US-based specialist in semiconductors and mobile telephones, has chosen the UK as the centre for its European telecommunications activities. The Stotfold plant, which is expected to double its capacity this year, has been one of the main beneficiaries of the rapid expansion of the British car telephone market.

Mr Burns said that the handset being made for Japan had similarities with products for the UK market, although it had required substantial modifications. It would be possible to cover the additional cost of manufacturing, however, because prices were much higher in Japan than in Britain.

Retail and industrial sectors show record rental growth

Peak year for property investment

By Paul Cheeseright, Property Correspondent

FINANCIAL institutions last year received their highest real return on property investment. The retail and industrial sectors showed more rental growth than has ever been recorded, while the rise in office rents has been exceeded only in 1973.

But the prospects for 1989 and 1990 are cloudier and the level of returns probably will decline.

Last year, the total return, made up of capital growth and income return, was 29.8 per cent compared with 23.5 per cent in 1987, according to the latest analysis of institutional property holdings by the Investment Property Databank.

These figures are based on £18.5bn worth of property, held largely by insurance companies and pensions, revalued at the calendar year end. The records for these properties are held in the IPD database. Total institutional property holdings across Britain are probably worth about £60bn.

Next Friday and then on the last Friday of each month, on the Property Market page, the FT will publish the new IPD Monthly Property Index. This Friday there will also be more consideration of institutional property investment.

Although property has outstripped other investments over the past two years, this has not been sufficient to produce a major shift in the rating of property in the investment markets, IPD noted.

While net new investment in property by the institutions has been modest, there has been a high level of activity as institutions have turned their portfolios over. Given that there has been an overall increase of just under 24 per cent in the capital value of the average institutional portfolio, there is little likelihood that there will this year be a dramatic increase in net investment, IPD forecast.

The preference of the institutions has been for investment in retail property throughout the country and office property in the south, but they have been vigorous sellers in the industrial market, where, in fact, returns in 1988 were highest.

Whether the institutions are likely to see this year such high returns on their property investment is open to doubt. Economic growth has been matched by what IPD called "a development boom of unprecedented proportions." But now the economy has started to cool at the same time as the supply of property has reached a peak.

IPD suggested that there is likely to be a period of adjustment for two years. But although returns are likely to be lower than in 1987 and 1988, they could still be high. "High recent growth in rental values, which has yet to feed through into incomes, suggests that total property returns of the institutions will be to an extent insulated from all but a very severe recession," IPD said.

The IPD Investors Property Digest 1988; Investment Property Databank, 7-8 Greenland Place, London NW1 0AP; with updates £1,750.

Mortgage lending highest since July

By David Barchard

MORTGAGE lending by building societies reached £4.25bn in March, according to figures released yesterday by the Building Societies Association.

The figure was the highest since July last year.

March mortgage lending was 24 per cent up on the figure for February.

Home loan lending has now risen successively during each of the last four months, despite claims that last year's rises in base interest rates have slowed the mortgage markets.

However, Mr Mark Boleat, director general of the association, said that the rise in the March figures was less than would be normally expected on seasonal grounds.

"The underlying level of mortgage demand remains subdued in response to the current high level of interest rates." Mr Boleat said.

Lending by building societies during the first three months of this year is almost a quarter below the figure recorded in the same period of 1988, he added.

Many building societies claim that much of their new business comes from remortgages on existing homes rather than house purchases.

The building societies have devised a wide range of mortgage products which reduce monthly payments, usually by deferring part of the interest payment for three years.

Meanwhile, the flow of savers' funds into building societies slackened slightly in March, reaching £813m compared to £1.06bn in February. This was the lowest figure since November.

Mr Boleat said that the downturn in receipts from savers in March might be linked to the rise in London stock market prices during the month. However, spending during the Easter holidays might also have contributed to the fall.

European monetary union 'inevitable'

By Rachel Johnson

LORD Cockfield, former European commissioner and architect of the EC internal market plan, yesterday said there would be monetary union and a single European currency by the end of the century whether or not the UK co-operated.

"It will not be overnight, or in the next few years, but it is a critical question for this country whether we are a part of it, or whether as with the European Monetary System, we stand on one side," he told MPs on the Committee on European Legislation.

During wide-ranging statements on the single European market, Lord Cockfield – who was not reappointed as a commissioner by Mrs Margaret Thatcher, the Prime Minister – supported M. Jacques Delors' proposals on central banking.

"When we have an appalling balance of payments, then we will be interested in 1992," he predicted.

"You cannot get the full benefits of liberalisation of capital movements without monetary union," he said. He stressed that member states were committed to follow the prescriptions of the Single European Act, which would leave the UK in no position to stand alone.

"There is no need for a specific act on monetary union," he said.

Additionally, member states could be under legal obligation to dispense with frontier controls, and the UK should stop "making itself stupid in Brussels with its King Canute attitude."

France, West Germany, Belgium and Holland had agreed for remove frontiers by 1990, and British industry would suffer unless the UK followed suit, he warned.

The issue of sovereignty was very difficult, he said. "But even a treaty of peace involves a sacrifice of sovereignty. The question is, do the benefits justify the sacrifice?"

Truck maker beats profits target fivefold in first year

By John Griffiths

AWD, the UK commercial vehicle company created by Yorkshire entrepreneur Mr David JB Brown from General Motors' loss-making Bedford trucks business, made five times as much profit as forecast in its first full year of operations.

The company has reported a pre-tax profit of £5.6m for the 14 months to the end of December. When Mr Brown bought the Dunstable-based Bedford business from GM near the end of 1987 for just over £20m, even his forecast that AWD would make "over £1m" in its first year was greeted with widespread scepticism.

Under GM's ownership, Bedford had been losing some £500,000 a week. What has never been disclosed, however, is the extent to which GM was prepared to "forgive" accumulated Bedford debt, and otherwise clean up its balance sheet for the sale to Mr Brown, as part of its overall disengagement from the European truck business.

AWD said the profit had been achieved on a turnover of £125.8m, of which £32.4m was accounted for by sales overseas.

It also reported that the 1,200 employees at the 67-acre Dunstable site, north of London, had produced more than 6,000 trucks since the takeover. This is in line with AWD's forecasts, and production is due to rise further, to at least 8,000 units, this year.

While most of these trucks have been for military operators, AWD is aiming about 1,000 at the UK civilian truck market, which it entered last September year with a "TL" range of trucks of between 6.5 and 17 tonnes.

The company, which has reassembled a network of 50 mainly former Bedford truck dealers in the UK, has said it intends to triple production of civilian trucks this year to 3,000 units.

It said yesterday that further new vehicles would be launched in the coming months "to give AWD a highly-competitive product range from 6.5 tonnes to 40 tonnes", thus embracing the heaviest articulated units allowed on UK roads.

AWD had spent £4.5m on engineering research and development last year "and this level of investment will continue in the years to come".

Tractor sales plummet

By Nick Garnett

FARM tractor sales in the UK have plummeted by 13 per cent in the first quarter.

The figures show the surge in demand from dairy and livestock farms last year has ended and the fall in demand from arable farms has not been reversed.

The Agricultural Engineers Association, which collects the figures, said that agricultural tractors sales this year looked set to be down on 1988.

Sales of farm tractors increased last year for the second successive year. Registrations were 22,521, up by 14.4 per cent on 1987.

Sales rises last year and in 1987 came mainly from dairy and livestock areas. All regions showed a fall, the steepest being in arable areas.

Dun & Bradstreet to overhaul business credit rating system

By Charles Batchelor

DUN & BRADSTREET, the business information group, is to produce a more comprehensive rating system of Britain's businesses in what it says is the most radical overhaul of credit rating in 60 years.

The company is to introduce two new measures of business health, a financial strength indicator which will show a concern's tangible net worth and a composite condition indicator which will rate a concern's overall stability and health. D&B's traditional credit rating system will also be maintained.

The two new measures will be introduced on June 1 and will be extended throughout Europe over the next two years to give a standardised method of comparing businesses throughout the continent, said Mr Paul Mitchinson, customised project manager.

"A credit rating says it is OK to do business in the short term for such and such an amount," he added. "The new indicators will give an earlier warning that a company's condition is deteriorating to a point where you should ask for cash up front or take security on its assets."

D&B has spent the past five years planning these changes. Of customers polled in a survey, 89 per cent thought an indication of a company's tangible net worth was important for financial decision-making while 61 per cent thought an indicator of financial strength would be useful.

The financial strength indicator will grade companies from H, for concerns with a net worth of less than £8,000, to 5A for businesses worth more than £35m. It defines tangible net worth as issued share capital plus retained profits and reserves but minus goodwill and any other intangibles.

The composite condition indicator will rate companies between 1 (strong) and 4 (fair) with a fifth level which is "undetermined." The new system gives 75 different permutations compared with 10 possible under the traditional credit rating.

D&B believes these new ratings categories will extend the use of its system beyond credit control to areas such as sales and marketing and acquisitions.

GrandMet offer for William Hill to face inquiry

By Lisa Wood

GRAND METROPOLITAN'S £331m takeover of William Hill, the bookmaker, from Sears, the retailing group, has been referred to the Monopolies and Mergers Commission. The inquiry will allow the commission to examine aspects of the bookmaking industry that have caused it concern.

The reference comes as a blow to GrandMet because the deal – which created Britain's second largest chain of betting shops – was unconditional at the insistence of Sears. It did not want any delay in the sale should it be referred the commission.

GrandMet said yesterday it had taken a calculated risk. It was disappointed by the reference but was confident of a satisfactory outcome. The deal had been done for good commercial reasons.

In December, when GrandMet announced it was buying the William Hill chain and 370 betting outlets in Belgium, it acknowledged there was some overlap between its own Mecca Bookmakers and William Hill.

The two created a chain of 1,701 outlets, accounting for an estimated 16.5 per cent of the UK off-track betting market, compared with the 1,716 outlets of Ladbroke, the market leader.

GrandMet's sale in January of 119 betting offices in London and the south-east to Brent Walker, the leisure group, in a £90m asset swap was interpreted as eliminating the local market concentration.

However, Mecca and William Hill still have some 60 per cent of the betting shop trade in central London and this is understood to be the main reason for the Office of Fair Trading recommending referral.

Lord Young, the Trade and Industry Secretary, in announcing the referral, said there were possible effects on competition in off-course betting which deserved investigation by the commission.

While the commission will be confined, by the terms of the reference, to investigating the merger of William Hill and Mecca, it will also be able to look at several areas that have provoked long-standing OFT interest in the UK betting industry.

The OFT is understood to be particularly concerned at the widespread system in the industry whereby off-course bookmakers send money to the racetrack, shortly before a race starts, to shorten the odds on a horse. The practice is not illegal but often displeases the betting public.

Lex, Page 22

Thatcher missiles signal

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the Prime Minister, yesterday underlined her strong irritation at West Germany's call for talks with Moscow over short-range nuclear missiles in Europe by insisting that they would remain a key element in the West's defences.

Her comments signalled that the Government expects there to be sharp exchanges between the two leaders when Mrs Thatcher meets Chancellor Helmut Kohl in West Germany on Sunday.

Mrs Thatcher's office made it clear that if necessary she would seek to use the meeting to voice directly to the West German people her view that Nato must stick with its commitment to replace the ageing Lance missile.

The Prime Minister also emphasised her determination that the 66,000 British troops stationed in West Germany should remain under the protection of a nuclear shield.

Britain acknowledges, however, that Chancellor Kohl faces considerable domestic pressures before next year's West German elections, and it accepts there is little it can do in the short term to force a change of policy.

Thatcher to feel heat of the greenhouse argument

John Hunt looks at a seminar that will today seeks ways of tackling the problem of climatic warming

After the success of an international conference on the depletion of the ozone layer earlier this year, Mrs Margaret Thatcher, the UK Prime Minister, is now making the first moves towards tackling the much more difficult problem of climatic warming.

More than 30 experts, mostly scientists and meteorologists, will be meeting at a seminar in Whitehall today where they will be briefing Mrs Thatcher and her senior ministers on the threat of the so-called greenhouse effect.

The worst greenhouse scenario is for a melting of the polar ice caps and a devastating rise in sea levels as the Earth's climate warms as a result of pollution. This is mainly from carbon dioxide produced by fossil fuels such as coal and, to a lesser extent, oil

Firm scientific evidence on this phenomenon is not yet established. But there is a growing consensus that action must be taken now to head off the potential threat.

This problem is, however, on such a global scale and there are so many imponderables that Mrs Thatcher will be taking on an awsome task.

Ozone layer depletion was simpler to approach as it was a specific problem with which could be ameliorated by the banning of chlorofluorocarbons (CFCs). A greenhouse solution lies only in the reduction in the use of fossil fuels, by greater efficiency in their use or by alternatives such as nuclear energy or sources such as wave and wind power.

The main way forward is through greater development of energy saving in power generation, industry and commerce and in the home. A paper at today's meeting from the Government-funded Energy Technology Support Unit (ETSU) at Harwell, the atomic energy establishment, will say that emissions of carbon dioxide might be halved by the year 2020 if a whole range of abatement measures are taken.

But this will cost millions of pounds. The paper says that it can be achieved only "at the expense of major investment and innovation in the industries that generate and use energy."

This comes at a time when the Government has been running down the energy efficiency programme. The Government's political opponents are making the most of this. They also argue that the forthcoming Electricity Bill lays no meaningful obligation on the privatised generating companies to reduce their use of fossil fuels. Yesterday, Mr Tony Blair, Labour's energy spokesman, went on the attack with a letter to the Prime Minister. He challenged her over what he termed the "miserable record" of Mr Cecil Parkinson, the Energy Secretary, on energy conservation.

The seminar was given a cautious welcome by Mr Charles Secrett, head of campaigns at Friends of the Earth. But he stressed that it would be meaningless unless it resulted in a programme of measures centred on energy saving.

Government critics point to the cuts in the budget of the Energy Efficiency Office at the Department of Energy. This is down from £26m in 1986-87 to £15m in the present year and a projected £10m next year.

There has also been Government confusion over the extent to which nuclear energy could supplant the use of coal and oil in electricity generation. Mr Nicholas Ridley, the Environment Secretary, suggested that nuclear energy could have an expanding role, but was promptly contradicted by Mr Parkinson. Investors might not be eager to put their money into a privatised electricity industry saddled with massive capital investment for nuclear power.

The paper from the ETSU makes it clear that nuclear power could make only an 11 per cent contribution in halving carbon dioxide emissions compared with 40 per cent from greater energy efficiency.

On this occasion Mrs Thatcher will find it difficult to cut a dash on the international stage. How, for example, will she persuade China to cut down on its massive reliance on fossil fuels without offering a substantial programme of financial and technical assistance from the developed world? In addition, there is the problem of the destruction of the rain forests in Brazil, south-east Asia and Afria which is another big contributor to carbon dioxide. Here again, foreign aid will be called for to compensate countries.

There is also the question of whether present international organisations are powerful enough to police a greenhouse treaty. Mrs Thatcher is at loggerheads over this with a group of 24 countries led by the French, Norwegian and Dutch. Recently they drew up the Hague declaration calling for a tougher organisation with the International Court of Justice as the arbiter.

Mrs Thatcher would have none of this and boycotted the Hague meeting. She is placing her faith in the United Nations Environment Programme (UNEP) which some sceptics think is too weak a vehicle for this new challenge to the global environment.

It is on the international front that Thatcher action can be expected. Mrs Lynda Chalker, Minister of State at the Foreign Office, recently called for a new international agreement to tackle the greenhouse effect.

Significantly a major contribution to today's meeting will come from Sir Crispin Tickell, UK ambassador to the United Nations, who is the author of a book, Climatic Change and World Affairs. His middle name is Cervantes. Environmentalists hope that he will not be tilting at windmills.

Industry shows less confidence as interest rates bite, says CBI

By Peter Norman, Economics Correspondent

THE BRITISH economy is slowing down and industry faces a squeeze on margins because of the Government's policy of combatting inflation through high interest rates and a strong pound, according to the latest industrial trends survey from the Confederation of British Industry.

For the second quarterly survey in a row, the CBI reported a decline in business confidence with the number of companies that are less optimistic about their overall business situation exceeding the number expressing increased optimism.

It said its survey of 1,302 manufacturing companies in late March and early April pointed to a slowdown in the growth of output, rising unit costs and a slight decline in manufacturing employment over the next four months.

The survey showed some softening of export orders and gave no sign that British companies are switching production to export from home markets. It indicated that exporters are facing tougher overseas competition after having pushed prices higher earlier this year.

Mr David Wigglesworth, the chairman of the CBI's Economic Situation Committee, said the survey provided "clear evidence" that the economy is slowing down.

He called on Mr Nigel Lawson, the Chancellor of the Exchequer, to resist calls for an increase in bank base rates from their current level of 13 per cent and think of reducing interest rates as soon as inflationary pressures ease.

The CBI's latest review of industrial trends marks a clear break with a string of optimistic surveys in 1987 and 1988. But it does not point to recession.

Investment intentions are still strong, although Mr Wigglesworth said his committee had heard of projects being postponed because of uncertainty about future demand and profitability.

Mr Wigglesworth said that it could take longer than the next four months for inflation in Britain to come down. While industry's costs were rising, the rate of increase of factory gate prices was expected to stabilise around current levels putting profits under pressure. The CBI said it expects very little increase in profits in real terms this year.

On the strength of the survey, the CBI expects manufacturing output will grow at an annual rate of 5.5 per cent in the current quarter against 6.9 per cent in the first quarter while factory gate prices are forecast to increase at a 5.1 per cent annual rate compared with 5.2 per cent previously.

The CBI said investment is expected to increase by 5.2 per cent in the second half of this year compared with the same period of 1988 to result in an 8 per cent rise in 1989.

Rail, tube networks face strikes

BRITAIN's commuters face widespread disruption after rail unions leaders yesterday called an indefinite strike on London Underground and prepared to call a national strike vote affecting all rail services, writes Jimmy Burns.

The moves reflect separate disputes over pay and changes in working practices.

Leaders of the National Union of Railwaymen, the biggest rail union, and of the Transport Salaried Staffs Association, made the Underground strike call in response to the "deep concern" over plans to end job demarcation.

They also oppose London Underground proposals to change promotion systems.

Union leaders representing more than 100,000 British Rail staff will meet next Tuesday to consider whether to call a national strike ballot after senior management yesterday refused to improve their offer of a 7 per cent rise in basic pay. Union leaders are seeking a rise of up to 10 per cent.

Government plans sharp rise in university fees

By David Thomas, Education Correspondent

THE GOVERNMENT unveiled a sweeping reform to the funding of universities and polytechnics yesterday by proposing that undergraduate fees should more than double and by suggesting for the first time different fees for arts and sciences.

The changes will not affect the finances of individual students, since nearly all undergraduates have their tuition fees paid out of public funds.

However, ministers see the plans, which are designed to give colleges greater incentive to recruit students, as a first step in the transformation of higher education funding in a more market-oriented direction.

"This is a big and exciting change in the way that universities and polytechnics are funded, giving a new and proper emphasis to market forces," Mr Kenneth Baker, Education Secretary, said as he published a consultative document.

The Government is proposing that annual tuition fees should go up from £607 in 1989-90 to £1,600 in 1990-91. Four different bands of fees would be introduced from 1991-92, ranging from £1,600 for the humanities and business studies through to £3,200 for clinical courses such as medicine.

Initially, the amount paid to colleges in central grants to cover the rest of their costs will be cut by an identical amount to the increase in income flowing to them from higher fees. This will involve a switch in funding from grants to fees of £500m next year and a further £200m in 1991-92.

However, Mr Baker insisted that the Treasury had agreed not to put cash limits on the fee income, which will mean that extra public funds will flow into higher education as a whole if colleges use the new fee levels as an incentive to recruit additional students.

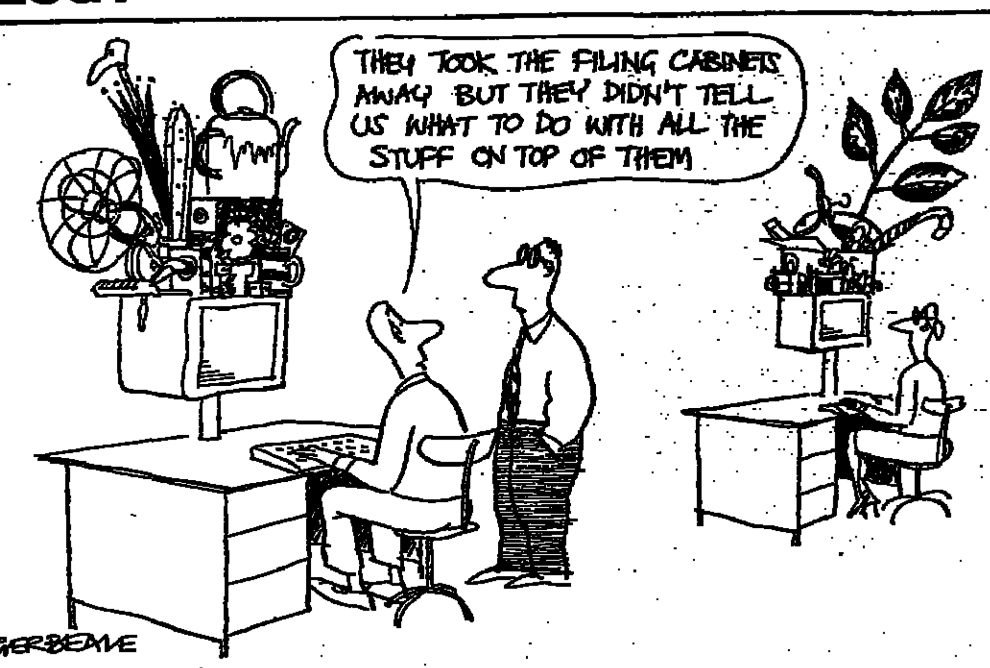
"We have got as strong a green light as you are ever going to get from the Treasury," Mr Baker said.

Editorial Comment, Page 20

TECHNOLOGY

Throwing away the paper-based system

Paul Abrahams explains why some organisations are now handling information electronically



The filing cabinets have taken over, spilling out of the offices and into the corridors. Senior management is yet again considering relocation because of lack of space.

The problem is paper. Last year 1.3 trillion (million million) documents were created in the US alone – enough to wallpaper the Grand Canyon 107 times. About 95 per cent of company information is stored on paper – and it takes up space. And since many companies require quick access to documents, they must store them on site, which is expensive.

However, there is a technological solution. Document image processing (DIP), sometimes known as electronic document management systems, involves a combination of such equipment as scanners, high resolution workstations, computer networks, and microfilm or optical disks for document storage.

The theory of DIP is simple. Rather than storing and moving pieces of paper around offices, information is stored and transmitted electronically. Staff gain access to it via desktop terminals.

The first stage is to scan incoming mail page by page, as a complete image, on to a storage medium such as optical disk. Each document is then indexed and sent to the in-tray of the person who is to deal with it. He or she can then electronically annotate, copy and redirect the document via the computer network. Finally, it can be filed in the electronic archives, from where it can be easily retrieved, if necessary by several people simultaneously.

Admittedly, DIP systems only handle images and not text. This means that the word processing of data entered through them is not yet possible. Applications are limited essentially to the storage and retrieval of information. Moreover, the cost of setting up the equipment – a basic system can cost £170,000 – means that at present DIP is only of interest to large organisations.

Nevertheless, as Chris Routleff-Jones, director of information at Western Provident Association, the Bristol-based private medical insurance company, points out, the primary justification for DIP is to save on space.

Western Provident had discovered that its central filing department dominated 25 per cent of the floor space at its headquarters. Between a quarter and a third of all salary costs was dedicated to managing records.

Since installing a Wang DIP system, Routleff-Jones says that "the company has already been able to start reducing the amount of filing and avoid a costly move at a time when rents were high."

Similar benefits have also been achieved by the Belgian police force in Liège after the installation of a DIP system. Hubert Petit, *inspecteur principal*, explains that its archives contain 40,000 dossiers on 150,000 people. All must be kept handy for dealing with the 150 incidents taking place in the city every day.

After investing in an Agfa microfilm document management system, the force has reduced its storage requirements by 98 per cent. In Petit's office, filing capacity was reduced from 12 square metres to a single set of drawers under a desk.

Another benefit of DIP is that the likelihood of documents being lost or wrongly filed is reduced. Chris Skinner, image product manager at Wang UK, says that, in some large organisations, as many as 3 per cent of documents are wrongly filed and it costs about £60 to refile each dossier.

Considerable savings can also be made on photocopying. According to Wang, a document is photocopied on average 19 times. Western Provident estimates that photocopying and stationery comprise its third largest expense. With a DIP system, the files are available simultaneously throughout the organisation.

An additional attraction of DIP systems, claims Routleff-Jones, is that they increase productivity, job satisfaction and staff retention. He estimates that specialist underwriting staff at Western Provident used to spend between a third and half their time finding and shifting files.

According to British Airways, a DIP system supplied by Wang has increased productivity and will be used to control head count. The company plans to have considerably more cabin staff over the next few years while maintaining the same size of administration.

However, suppliers of DIP systems believe that the most important benefit is the competitive advantage to be gained by responding more quickly to customers' requests.

At Western Provident, 4,000 claims a week pass through nine stages – a total of nearly 40,000 document movements. Routleff-Jones says that, under the old paper-based system, when a customer rang with a query, it could take up to three hours to locate the files to give a reply. The information can now be given immediately.

DIP also avoids some of the disadvantages of traditional internal mail systems.

David MacLeod, manager of the information department at British Airways, explains that the internal mail system was always a good excuse for not getting things done. However, once the company's DIP system is linked up internationally, it will be possible for files to be accessed instantly.

DHL, the international courier company, has installed an Agfa system to handle the notes and dockets relating to the 300,000 items shipped out of the UK every month.

"We are a service company and quick response is important," says Jean-Claud Koterba, credit control manager at DHL in London. "When customers lose their records and query a monthly bill, we have to have the information on hand. Sometimes it used to take a week – which wasn't good for cash flow."

Since installing the system in 1987, DHL is able to locate documents in 60 seconds and answer queries in 24 hours. While speed of response has been improved, the number of staff dealing with such questions has been reduced from eight to two.

However, there are problems associated with DIP systems. Traditional networks have difficulty in handling documents as images rather than text. This is because most are designed to handle small batches of data, rather than documents containing 50 kilobytes of information – the minimum size of file needed for a page of A4. The result is that the network slows to a standstill. Some systems need special cabling, which is expensive.

Chris Skinner, image product manager at Wang UK, points out that another problem associated with image processing is that companies discover that they have to restructure their organisations. Some departments can become completely redundant.

Peter Drucker, the US management guru, has suggested that DIP may result in the removal of middle management, which at present sorts and organises information for senior management.

Image processing is expected to be one of the growth areas of information technology in the next 10 years. IDC, the USmarket research company, estimates that the number of installed image handling networks will increase from 435 in 1987 (this excludes stand-alone workstations) to more than 21,000 in 1992.

Companies already involved in the market include Philips, Agfa (in association with Technologic in Cambridge), Kodak, Racal, Plexus and the Filenet Corporation.

However, it is the entry of three US-based information technology vendors, IBM, Wang and Digital, that is seen by analysts as confirming the importance of the market. Wang has designated image processing as one of its six main areas of business.

The market is expected to grow as the performance of networks improves and their cost falls. Wang estimates that a basic configuration costs about £170,000 from scratch, but expects the price to fall to about £80,000 by 1992.

Since DIP will remain expensive in the foreseeable future, the main market for such products is expected to be limited to large organisations. In the UK, the introduction of the poll tax has created a new market for DIP systems in local government because of the amount of correspondence it is expected to generate.

At present Rothschild Consultants, of San Francisco, estimates that there are about 13,000 imaging systems worldwide. However, 11,000 of these are stand-alone workstations in Japan where they have proved popular because of the difficulties of word processing in kanji. Of the other 2,000, just over half are in the US.

Document image processing is not about to create a paperless society. But, by reducing the amount of filing cabinets in offices, it should make the working environment more attractive – as well as saving all those pounds per square foot.

Nuclear reactors that speed off the production line

The Japanese see power stations, no less than silicon chips, as something to be made on a production-line basis.

At the Tokyo Electric Power Company (Tepco), Katsuya Tomono, who is in charge of constructing generating capacity, aims to build the world's first advanced boiling water reactor (ABWR) in just 48 months, compared with about 60 months for the nuclear reactors which he is currently constructing.

Tepco is the world's biggest privately owned electricity company and Japan's biggest user of nuclear reactors. It has 11 on line, totalling more than 10,000 megawatts (MW). It serves 21m customers and a catchment area of nearly 40m people in the greater Tokyo area.

The company plans to be the first to adopt the results of an international exercise to develop a reactor that is easier to construct. Two ABWRs will be built at Kashiwazaki Kariwa, on the coast to the west of Tokyo, starting in 1991.

Kashiwazaki Kariwa is one of Tepco's three nuclear power centres. One 1,100 MW reactor, built by Toshiba and General Electric (GE), of the US, has been in operation since 1985 and four more 1,100 MW BWRs are under construction by Japanese companies.

The ABWR began life 10 years ago with a feasibility study by an international team of engineers drawn from five BWR vendors: GE, Asea-Atom (now Asea-Brown Boveri), of Sweden, Ansaldo Meccanica Nuclear, of Italy, and Hitachi and Toshiba, of Japan.

Japanese companies also joined a Government-sponsored programme to improve and standardise reactor design. By 1985, Tepco was satisfied that the ABWR could be incorporated in its long-term planning. It was earmarked for units due to come on stream in 1996 and 1998.

The rapid construction schedule is the most dramatic feature of the ABWR. Once the site has been stripped down to bedrock, Tomono estimates that it will take 48 months from pouring the concrete into the foundations to completion.

He stresses that the target will not be achieved by working round the clock, as western visitors so often assert about the Japanese. His construction team will work one shift only, 8 am to 5 pm, six days a week.

A number of techniques, being perfected during the building of the BWRs on the same site, should make the target feasible. For example, the contractors are using a West German idea of putting a temporary roof over the partly built plant. A cushion filled with warm air seals the reactor's concrete containment so that work can continue through the worst winter snow.

Another advance is the introduction of a crawler crane with a lifting capacity several times greater than those customarily used. This means that prefabrications up to 840 tonnes can be handled, whereas previously they have been limited to 135 tonnes per crane.

One conspicuous new feature is that the steel pressure vessel enveloping the reactor is set much lower in the containment building than in the original GE design, making the structure more robust and less expensive and cutting the building's height by 12 m.

To achieve this the nuclear steam supply system has had to be redesigned. Coolant pumps previously tucked beneath the pressure vessel are now put inside it, increasing the diameter by 0.7 m.

This feature, called the reactor internal pump (Rip), has come from Kraftwerk Union, the Siemens subsidiary in West Germany. Rip reduces the amount of high-pressure plumbing outside the reactor pressure vessel and greatly simplifies the safety case.

The reinforced concrete walls around the pressure vessel are integral to the reactor building. And the pressure-retaining wall, lined with steel, is cylindrical, which also speeds construction.

Electricity output will be 1,350 MW, compared with 1,100 MW for the BWR. This is achieved by expanding the core with an extra 108 fuel assemblies. Average power density in the core is increased by only about 1 per cent, however.

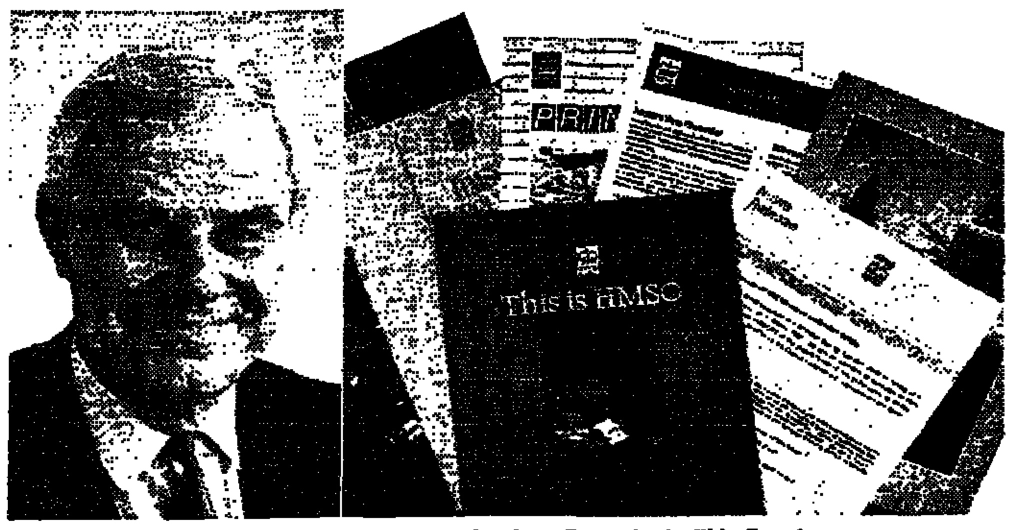
Beyond present plans lies the prospect of cutting the ABWR's fuel costs, says Yusuke Sawaguchi, responsible for Tepco's nuclear research and development. He has set an ambitious target of a fuel burn-up of 70,000 MW-days per tonne, which would more than double the life of the fuel.

Such a fuel would need a high level of uranium enrichment of around 7 per cent – more than could be justified at the present cost of the process. His sights are set on a commercial ABWR fuel early in the next century, when progress in enrichment technology should have cut costs.

Nationally, Japan is putting its faith in the gas centrifuge method of enrichment. But Sawaguchi has also persuaded Tepco to back research into an ion exchange process developed by Asahi Chemical Company.

David Fishlock

MANAGEMENT



Paul Freeman: aiming to have 90 per cent of orders dispatched within five days

A revolution with no civil disturbance

Hazel Duffy explains the impact on the UK Stationery Office of increased financial independence

Turnover: £330m, surplus: £2.1m.

The vital statistics of Her Majesty's Stationery Office suggest that something radical should be done to make it more profitable.

Except that this is not the objective. The main difference between the public and private sectors is that profitability is not a measure of the health of the operation. If the Stationery Office suddenly produces a much bigger financial surplus than in recent years, it risks seeing the Treasury claw it back. The trick is to make just enough surplus to meet its internal needs, but not enough to attract the Treasury's attention.

It is just one example of the different criteria to which the private and public sectors address themselves.

The origins of the Stationery Office go back to 1786. It was set up in response to pressure from Edmund Burke, the Whig MP, for a more efficient system of administration. During the 19th century, it was made the stationery supplier to government offices, and printer and publisher to the government. In 1909, it became the publisher of Hansard, the official report of the verbatim proceedings of Parliament.

Its customers are still predominantly Parliament and Whitehall. But the climate in which it now operates has changed considerably.

Management in the civil service has been in vogue for a relatively short time. The 1968 Fulton report on management in the civil service is usually seen to mark the start. Management practice became linked to the devolution of financial responsibility to civil servants, although it did not really get a push until the Financial Management Initiative was launched by Margaret Thatcher, the Prime Minister, five years ago.

A few bodies had been given certain freedoms much earlier, however. In 1973, legislation to turn the Royal Mint into a trading fund was enacted. The Stationery Office followed in 1980. Last December, it became an executive agency.

Trading fund status, which is likely to be the route followed by executive agencies, was the turning point. Its major advantage is that the Stationery Office is financed by means of a revolving fund instead of by annual allocation. This gave it a degree of financial independence not enjoyed by divisions which are part of the departmental vote. Money can be held over from one year to the next.

It also alerted Stationery Office staff to the concept of financial disciplines for the first time. "Government departments do not have balance sheets," says Mike Lynn, one of two directors general in the Stationery Office. "We realised we had about £45m in working capital. Nobody had ever measured it before."

It is now below £20m, thanks to management paying more attention to the generation of cash and moving it around more quickly. Money was realised for investment, like the £15m publications centre in south London.

Meeting the needs of the customer is becoming more important. The Treasury has set a target for HMSO to dispatch 90 cent of its orders within five working days, rather than last year's six. The general public depends on this service for government publications.

New financial targets have been set. Profit after interest in current cost accounting terms has been put at £1.7m for 1989/90 – the first time it has been put in cash terms. Previously, it was set at 5 per cent, a figure that had not changed since 1980.

But Mike Lynn says: "Our objective is not wholly financial. The target is designed to concentrate our minds on the approach, the cost of service in relation to price."

The quality of the Stationery Office's service still has room for improvement. Its head, Paul Freeman, (his official title is Controller of HMSO and The Queen's Printer of Acts of Parliament), has made quality management his top priority since he took up the post three months ago.

His total quality management programme "institutionalises into line management the need for quality and quality improvement, pulls together things like customer care, and highlights the need to get things right first time."

This might seem obvious in the private sector. Not so in the public sector, although it is something that the nationalised industries, in preparation for privatisation, or simply under the closer scrutiny of their political masters, have learned in the past few years.

The Stationery Office operates within a limited climate of competition. Since 1982, departments have been free to shop around for their office supplies – everything from ballpoint pens to word processors.

The Central Unit on Purchasing, set up in the Treasury to put pressure on Whitehall to be more cost-conscious about its purchases, positively encourages departments to compare the prices of private sector suppliers with those of the Stationery Office. If the private supplier can better the bulk purchasing discounts negotiated by the Stationery Office, then the order goes to the private sector.

But as printers to Parliament, including printing Hansard, the Stationery Office has an exclusive arrangement with its customer. Likewise, the printing of the Budget, the autumn statement, and other government material like Parliamentary bills, is the subject of a special arrangement.

The Stationery Office is mostly a middleman. It is the biggest buyer of print in the UK, as well as providing its own printing facilities. Paul Freeman believes it should be more active in other parts of the public sector, like local authorities and the National Health Service. But his first priority is "to improve the approach" to existing markets.

After six years in information technology (he was previously director of the Government's Central Computer and Telecommunications Agency) he is keen to expand the electronic transmission of information where the Stationery Office has dipped a toe. But he is cautious at the same time. "The technology is ahead of demand. Society still feels very comfortable with paper."

Some government departments have an agreement which requires them to offer Crown copyright material to the Stationery Office for publication. Only if it decides not to publish can they go to the private sector.

"The sort of healthy profit that would be seen as satisfactory in the private sector might suggest that the Stationery Office was taking advantage of its government customers, and by extension the taxpayer, whose money the departments are spending."

The Stationery Office is one of the select few trading funds. Agency status, so far agreed for only three bodies (Vehicle Inspectorate, Companies House and the Stationery Office), will lead to more trading funds being set up to give the agencies more financial independence.

The main benefit of the agency mechanism is the loosening of the Treasury's financial apron strings. But for the Stationery Office, it has a special significance. The Treasury agreed last December that it could negotiate its own pay structure. Over 3,000 work in the Stationery Office. (About 1,000 are classified as industrial; their negotiations are conducted separately.) Most of the staff do not move around the civil service, but stay with the Stationery Office for all of their careers.

Mike Lynn comes into this category, and Paul Freeman, whose job was advertised nationally, thinks that he, Lynn, should be his successor.

The strict conformity of civil service pay and grading structure is seen by these people increasingly as a constraint on the recruitment and retention of good staff.

Discussions are going on with the trade unions – "they were pretty sceptical at first," says Lynn – aimed at getting away from grades, to be replaced by a pay ladder which will be based on a number of variables, like the performance of a unit, the weight attached to a job, etc. Grades will be replaced by more modern job titles.

Civil service pay is veering towards performance and regional variations, with the Treasury's blessing. But the Stationery Office's proposals are more radical.

To the outsider, they are merely the sorts of freedom which are the starting point for most managers. In the civil service, they are an exciting prospect.

Supporting charities

A confusion of giving

Charles Leadbeater examines corporate social responsibility

The 1980s have seen a rush by British companies to become involved in local job creation initiatives, spurred by widespread redundancies in manufacturing, the urban riots of the early 1980s and the influence of American and Quaker ideas of corporate social responsibility.

The best index of the growth of corporate social responsibility is the enormous growth of enterprise agencies since the first was established in 1978. Two years later there were 21, by 1983 there were 103 and by December last year more than 400. Over 2,300 companies provide about £10m to sponsor the agencies.

Yet this drive to become involved in job creation and social programmes has not been matched by a determination that they should be well managed.

Most companies do not have a specific budget for charitable donations, few monitor the effectiveness of their spending, and in many there are no clear lines of responsibility for making decisions about who should get what.

This picture of charitable confusion emerges from one of the most detailed surveys yet into the growth of corporate charitable giving. Published by Sussex University's Institute of Manpower Studies, it is based on a survey of more than 400 companies and in-depth case studies with companies and enterprise agencies.

Most companies did not distinguish between job creation and other programmes designed to provide training, or temporary work. Job creation has to compete with a gamut of charities seeking funds.

Company involvement in job creation projects was often accidental.

In almost half, the initiative came from particular individuals within the business rather than through a thorough reappraisal of strategy.

In 38 per cent it was the result of a general concern for the unemployed or the social cohesion of the local community. Only about 9 per cent of companies said they were involved for the sake of their own self interest, in order to ease recruitment difficulties.

Most channelled their involvement through other agencies such as Business in the Community, the umbrella organisation for enterprise agencies. About a third dealt directly with the projects and bypassed intermediary agencies.

About a fifth of all companies support business formation directly, 18 per cent support the self-employed but only 6 per cent helped declining businesses.

The most popular form of targeting for spending was very general: companies preferred to spend money on the areas around their sites. As a result, and almost by definition, high unemployment areas and the inner cities are less likely to get priority, simply because they are not areas where there is a strong business presence.

About 40 per cent of companies pushed funds towards inner cities, 35 per cent to high unemployment areas and 15 per cent to rural areas.

Many companies said they targeted their support to people with certain personal characteristics: 44 per cent towards young people, 28 per cent ethnic minorities and 17 per cent the disabled.

Thus spending on job creation is often mixed up with spending on other charitable projects. When the money was spent on job creation there was little guarantee that it would help those groups which were at the greatest disadvantage in the labour market.

One of the reasons for this lack of targeting is that the management of charitable giving programmes often seems to be informal.

Companies frequently could not give an accurate account of how much was spent on charitable donations for job creation because there was no specific budget.

About half did not attempt to cost the provision of secondees to agencies or other projects, 55 per cent did not cost donations in kind and 65 per cent did not monitor the cost of allowing employees free time to take part in projects.

About 70 per cent of the individuals responsible for job creation budgets spent less than a fifth of their time on the issue.

Few companies attempted rigorously to monitor the benefits they gained from different types of charitable funding, although 95 per cent were sure it had been worthwhile.

Stimulating Jobs: The Charitable Role of Companies, IMS Report No 166, available from the Institute of Manpower Studies, Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF, price £21 or £14 for IMS subscribers.

Management abstracts

Readability of the chairman's report. *M J Jones in Accounting and Business Research (UK), Autumn 88 (9 pages)*

Looks at the chairman's reports of H P Bulmer (cider) over a 25-year period and considers that they are difficult to read.

Finds that they became more difficult over the years, believing this to be because of the increasing complexity of the business environment, the growing sophistication of the reports' users, and the public flotation of the company; concludes by stating that if corporate reports remain unreadable, they will remain unread.

The ethics of corporate restructuring. *E L Hennessy in Directors & Boards (US), Autumn 88 (5 pages)*

Considers mere insider trading and overcharging on government contracts as minor misdemeanours compared with the activities of "wolf packs of corporate raiders, investor groups, and banks" who "make a few people rich and lots of people unhappy" by their operations.

Condemns their for-short-term-gain activities as the "reverse of evolution" and exhorts executives to consider the longer-term implications; they will then see that risk-taking is more important than immediate gain.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Ron Moody and Liz Robertson

Sherlock Holmes

CAMBRIDGE THEATRE

The cranes and gantries of the plague "redevelopment" are sprouting like buboes even in Seven Dials and Monmouth Street where anyone who has the wherewithal to gobble up a lease can become a property speculator. Given the going rate of London cemeteries, 30 pence should set you up nicely. All of which makes Leslie Bricusse's new musical set in Victorian London look even more old deerstalker, faded, unimaginative and sadly out of time and place than it is.

The gauze drop-curtain bears a portrait of the great detective in an oval frame – for a moment I feared the holograph egg containing Lord Olivier from *Time* had rematerialised. But the image fades, and we see the drama of the Reichenbach Falls re-enacted on a bridge from which Holmes and villainous Moriarty drop to their deaths in dry ice. "Sherlock Holmes is well and truly dead," runs the opening chorus, and the rest of the evening is spent proving the point.

As writer, lyricist and composer, Mr Bricusse has other ideas. The little cross-section of a plush railway compartment (Victoria to Croydon ...) in which melancholy Watson broods is soon invaded by a Romish priest who turns out to be – of course, you've guessed it. The trouble is that the show never decides whether to send the whole thing up or take it seriously.

"Delivered by hand by a redheaded fishmonger," Holmes absently deduces of a letter pressed into his hand. The joke of Watson's thick wits is driven into the ground within the first 20 minutes. Moriarty's widow met him when he was Professor of Mathematics at Huddersfield University and she was touring in *Lucia di Lammermoor*. At a viewing at the Royal Academy Holmes recommends an investment of 25 guineas in Van Gogh's *Sunflowers*.

It recalls the Brahms-Simon historical spoofs (*No Bed for Bacon*; *Don't, Mr Disraeli!*) but lacks the wit, conciseness and sense of direction.

The plot turns on Moriarty's beautiful daughter and her quest for vengeance. In this role Liz Robertson almost perceptibly aches for a good number, nearly getting one in the clumsy contrivance of a duet with her resurrected father, appearing after an hour and a half (only it isn't, of course). She is perhaps the greatest victim of Mr Bricusse's knee-jerk subservience to cliché and banality, not least when realising that the hated Holmes is necessary to her ("Damn you, Sherlock Holmes, I miss you!"). She concludes that "without him there can be no me," but not before sagaciously observing that without Shakespeare there'd be no to be or not to be, without ups there can be no downs, without light no dark, without Noah no ark and, more contentiously, without Paris, no France. The awful thing is that it is meant seriously.

The music is a colourless oompah chug which perhaps inevitably inspires Christine Cartwright to every choreographic cliché in the book. Tarts in can-can dresses wander on from some invisible Wild West saloon, toffs look askance, housemaids dance with mops. Arms are swaggeringly swung, invisible horses are geed up, the dancers march ... with ... in two numbers the ... vitality, energy and enthusiasm of the company redeem the platitudes. In "Anything You Want to Know" the six "Irregulars" (Holmes' ragged streetboy intelligence service) wake the audience with sheer gutsy exuberance; and a knees-up, written in rhyming slang, outside a pub called (would you believe it?) the Apples and Pears brings the house down.

Ron Moody plays Holmes with a hint that his mind is elsewhere. The supporting cast struggles with material so characterless as to be scarcely existent. The rooked and insulted tourists stepping over the homeless and avoiding the beggars as they pick their way through the demolition and construction sites of Lady Porter's friendly local developers can only be bemused at choruses of cheery Cockneys singing "London is London" as if it were the 1950s. George Roman directs and Sean Cavanagh designs.

Martin Hoyle

TELEVISION

Watching purely for pleasure

People say the oddest things to television critics. Upon hearing how you earn a living a few ask "Do you mean they actually pay you for sitting about watching the box?" But the huge majority say "Oh you poor thing, there's nothing worth watching is there?" Then almost everybody, after a moment's thought, comes up with the same, somewhat contradictory, supplementary: "Does that mean you can never really watch anything for you own pleasure?" As with Latin questions ending in "ne" the expected answer is clearly yes, but the honest answer is no: it means no such thing.

Even in a rather poor season, such as the current one, there are, contrary to that popular pretence about there being "nothing" worth watching, dozens of programmes which I would be sorry to miss, whatever my job. There are strengths and weaknesses of course. The decline of the documentary (the true documentary, that is) continues, and yet there has been one classic within the last few weeks: Maryse Addison's *Tin Hats And Silk Stockings* on BBC2 told the "Girl's Crystal" story of the Hadfield Spears Mobile Hospital Unit. It was a splendid, classic documentary, mixing archive footage and still photographs with modern interviews, to tell how a crowd of debutantes – bolshie, snooty and brave in equal parts – spent World War II charging around the Western Desert in V8 Fords.

On this side of the Atlantic *television comedy is still in the* trough where it has been languishing for several years, but that is not to say that there is nothing worth watching. I have never seen a *Bilko* programme without laughing out loud, and the episode first screened in the USA on 31 January 1958 and repeated on BBC2 two weeks ago – about the Army's homing pigeons which Bilko has been racing for money, and which he is told to dispose of, but which obligingly fly home every time he sells them – reduced me to weak sobbing as usual.

The idea that being a television critic must ruin your enjoyment of *Bilko* seems bizarre, and the same goes for *M.A.S.H.* BBC2's continued transmission of these long (*M.A.S.H.* has 255 episodes and *Bilko* 143) yet consistently funny American series casts a shadow across the perpetual, but mostly rather depressing, efforts of British broadcasters to invent a new successful situation comedy. *Only Fools And Horses* and *The Two Of Us* win huge ratings, but nobody pretends they match the quality of *Fawlty Towers* or *Yes Minister*.

On the other hand Britain's young stand-up comedians currently look remarkably strong. Victoria Wood, Jasper Carrott, French and Saunders, Smith and Jones, and above all John Sessions (why, when he is the most talented of the lot, does he not have his own series?) would all draw me to the screen, critic or no critic, and I would not miss an episode of the current series of *Rory Bremner* whatever my job.

He has strengthened his programme by moving beyond his – admittedly very accurate – impressions, and bringing in more supporting comedians. But the most important improvement is in the content. He is now using more topical material and, above all, has taken on the rôle previously filled by *Monty Python's Flying Circus*, *Not The Nine O'Clock News*, and *Spitting Image* of lampooning television itself. His "Pro-Celebrity Crimewatch UK," "Points of View" and, most devastating of all, "Question Times" ("Fawn fawn, mollycoddle, well now sensible lady at the back, flirt flirt, gloat gloat, yawn yawn" etc) achieve a level of television criticism to which a mere writer could scarcely aspire. How could one bear to miss him?

Or David Attenborough, come to that. Attenborough must be the only millionaire in existence who, upon being invited to set off around the world once more, reaches not for his Samsonite but for that Girl Guide rucksack that he has been carrying ever since *Zoo Quest* in 1956. Having had the entire natural world as his oyster in his last two series, it must be rather limiting to have to stick to fossils in *Lost Worlds, Vanished Lives* but they are one of his passions and, as he proved in the opening episode (on BBC2, naturally) his flair for communicating enthusiasm is such that he could make a compelling series about the self-advancing pitprop.

Nor are his the only travel/science programmes to demand attention this season. Channel 4's series on the geography, history, sociology, technology and drinking of wine, *Vintage*, has been sheer pleasure – well, highly informative too – and *The Life Revolution*, also on C4, which finished last night, was one of those productions (long ago the BBC did something comparable on microchips and mechanisation) which you can sense will seem even more important in retrospect than at the moment of viewing. This time the subject was biotechnology generally and genetic engineering in particular, and the entire population ought to have been watching.

"Pleasure" is not perhaps the first word one would use in describing current affairs programmes (though watching John Sweeney of The Observer door-stepping the editor of The Sun in C4's *Hard News* was *certainly very enjoyable*). But here, too, there are items which I would certainly want to see, regardless of professional duties. The excellent *London Programme* recently screened an edition about the appalling way in which people are raising Pit Bull Terriers to be "attack" dogs: it is a pity that, being a regional programme, it was not available to the national audience.

Channel 4's *Thatcher Factor*, which will be concluded this Friday, has been proving how useful, if not vital, television is becoming in modern political biography; *Taking Liberties* has carried on the sort of campaigning journalism begun by the BBC in *Rough Justice*.

And still I have not mentioned the two categories which probably bring me the greatest personal pleasure from television: drama and sport. It has not happened this year yet, but at some stage during the annual *World Snooker* marathon I usually find myself so firmly hooked that I am still there at 1.00 in the morning, watching somebody trying to tuck the cue ball behind the brown. Of *course those of us who belong* to the secret society watching the programmes off the Astra satellite now find ourselves with similar temptations much more frequently.

Screensport with its all-in wrestling, ice speedway and tenpin bowling is no great temptation, but Eurosport is. It brings us *Davis Cup Tennis*, the *Motorcycle World Championships*, the *Curling World Championships* (try it once and you are addicted) and *Ice Hockey* between Russia and Canada. When, on top of that, you have the new motor racing season starting on BBC2, complete with James Hunt who does for commentary what Dean Martin does for singing; the *World Speed Skating Championships* on C4; and the magnificent *London Marathon* on BBC1 – how can anybody say there is nothing worth watching?

We have even been having a string of rather good single dramas. True, most of them seem to star Kenneth Cranham, but he is awfully good ("and so like a *real* person" as they say) so that is no hardship. *The Master Of Marionettes* was an outstanding first *play for television by Guy Hibbert*, and the only trouble with Sunday's television version of David Storey's *The Contractor* was that it made the erection of the marquee so fascinating that the character and dialogue never really stood a chance.

What with those, and BBC2's period courtroom series *Shadow Of The Noose*, which really looked as though it was shot in Edwardian surroundings and lighting; and the fast-paced and highly entertaining Glasgow/New York thriller *The Justice Game* on BBC1; and the re-runs of *Columbo*, also on BBC1, it must surely be clear that there is more worth watching than there is time to watch it.

The answer is to get a job as a television critic . . .

Christopher Dunkley

Rory Bremner: couldn't bear to miss him

Measure for Measure

YOUNG VIC

Mark Four of David Thacker's *Measure for Measure* revs up briefly at the Young Vic before heading off on a tour that will take it to Cambridge, the Isle of Wight and Germany in the next couple of months. It is a ... custom-built to hold the road: light and streamlined, it has been designed by Fran Thompson to play on a proscenium stage or – as in London – in the round.

Like Thacker's 1987 *Romeo and Juliet*, from which it has inherited much of its cast, it is set and costumed to suggest an indeterminate present in which middle-aged bawds wisecrack like bookies and the dissolute rich swagger around like *extras from Brideshead Revisited*. There is none of the sustained street satire that marked out Nicholas Hytner's exuberant RSC production; Thacker does something rather different with his updating – *using it as a means of simplifying* the issues and clarifying the characterisation rather than embroidering them.

This works best in the scenes between Sarah-Jane Fenton's deceptively doll-like Isabella and a bald-headed Angelo (Stephen Jenn), who has the unnaturally blanched look of a plant newly released from a winter beneath a cloche. Isabella's intercession for her brother is made with an innocent directness that does not rule out feminine wiles: as she senses Angelo warming to her theme she narrows her eyes and leans tantalisingly towards him. For a fleeting moment she wields her sexuality like a weapon, and its effect is to leave Angelo quivering with guilty, uncomprehending lust.

Likewise, in her prison-cell meeting with Claudio there is just a hint of subliminal teasing as she protests her wholehearted desire to save him and then recoils on to her dignity. This subtext of sexual politics – which culminates in Isabella holding hands with the wronged Mariana in a gesture *of solidarity – makes sense of a* morality that can too often appear remote and alienating.

Rob Edwards' duke, undisguised except for his monk's habit until the final scene of revelation, is the one character who remains somehow aloof from this schema. Are we to believe that the loyal Escalus, who instantly recognises his handwriting, does not recognise his face? In the production's own terms, it seems a relevant question. Compellingly played though he is, *there is little sense of his motivation for quitting office or of* what he has gained by doing so – the exposure of Angelo and Dominic Letts' buckish Lucio is an assault on the symptoms rather than the disease. The psychopathic Barnadine is still alive and kicking, after all, as are Reg Stewart's beringed Pompey and Janet Crawford's squawking, miniskirted Overdone.

It could, I suppose, be a fruitful starting-point for discussion among the schoolchildren who will undoubtedly see – and enjoy – the show.

Claire Armitstead

Sarah-Jane Fenton and Stephen Jenn

Kiri Te Kanawa

BARBICAN HALL

This was the second instalment of the Kiri Te Kanawa festival. The title seemed apt, too, at the beginning, when the lights were turned down so low that the audience had no chance of reading the texts in the programme and was left to gaze at the singer, swathed in a voluminous, tasselled gown. After the interval the lights were switched up, though the eventual wisdom of that will be left till later.

As it is about five years since I last heard Kiri Te Kanawa in live performance, the good news is to report that the voice is in fine health. The middle notes may have lost some of their former resonance and there is more conscious work involved now in managing the production of the tone. But as long as she can leave the voice to float along without any pressure or intensity, there are many beautiful sounds to be heard.

Where that fits the music, all is well. In the programme that she offered for this piano-accompanied recital, the most effect was made in a song like "O mio babbino caro", her first encore, and "Comment, disaient-ils" from her Liszt group. The arching beauty of an Italian vocal line obviously suits her and so it was disappointing to find the most Italianate song among them, "Pace non trovo" from the Petrarch Sonnets, emerging so limply.

For the rest, Te Kanawa reduced all her composers to the most convenient common denominator: beautiful sounds. In a work like Ravel's *Cinq mélodies populaires grecques* this is simply not enough and while Te Kanawa was vocalising dreamily around the words, it was fortunate we could concentrate on the piano part, where Roger Vignoles with his incisive playing and sharp, glinting timbres kept the true Ravel spirit burning.

Even the Strauss songs were only satisfying as far as they went. *"Die Nacht" wanted nocturnal* mystery. "Ständchen" lacked whispered allure. "Befreit", the most demanding of all and sung with more force, still fell way short in verbal communication. By this *time the lights* were up, but though we could see the words, we could no more hear them, or feel their power. Best, after all, to sit back and let the beauty of the voice wash over you.

Richard Fairman

Sony Radio Awards

The Sony Radio Awards for 1989 were presented on Monday in the presence of the Duchess of York. Among the 33 recipients were Sue Lawley, Radio Personality of the Year; John Whitney, retiring head of IBA, a special award for services to radio; and Tony Blackburn, for outstanding contribution to radio over the years.

ARTS GUIDE

April 21-27

THEATRE

London

Fuente Ovejuna (*Cottesloe*). Wonderful production of Lope de Vega classic by *Cheek By Jowl* director and designer Declan Donnellan and Nick Ormerod. May 3-6 (928 2252).

Bed (Cottesloe). Imaginative reveris for old codgers in pyjamas and a sleeping den as big as the Great Bed of Ware itself. April 26-May 2 (928 2252).

Hamlet (Olivier). This picturesque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the role. May 2-8, 16-18, May 25-June 1 (928 2252).

Single Spies (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. (734 1166).

M. Butterfly (Shaftesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. (379 5399).

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years. (930 2578, cc 839 1438).

The Vortex (Garrick). Maria Aitken and Rupert Everett in brilliant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed. (379 6107, cc 741 9999).

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. (836 9987, cc 741 9999).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn. (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s. (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce. (239 6200).

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea.

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Sophisticated Ladies (Kennedy Center Opera House). The first Soviet-American co-production of a Broadway musical features an energetic cast dancing and singing to a Duke Ellington score highlighted by Satin Doll and Take the A Train. Ends May 27 (254 3770).

Paul Robeson (Eisenhower). Tony-award winner Ron Richardson alternates in the title role with Avery Brooks as the heroic American black singer, entertainer and civil rights activist in this new musical. Ends April 30. (254 3670)

Chicago

Speed of Darkness (Goodman). The world premiere of Steve Tesich's domestic drama involves the reunion of Vietnam veterans and the havoc it wreaks on a successful South Dakota family. Robert Falls directs. Ends May 20 (443 3800).

Tokyo

Kabuki. Among the artists appearing in the 11am mixed programme at Kabuki-za (541 3131) is Living National Treasure Nakamura Utaemon VII, who performs a dance piece *Yoshino Yama*. In the 4.30pm programme the emphasis is on comedy. (Ends April 26.)

Ryvo (*The Dragon King*) Shimbashi Embujoh Theatre (541 2211). Vulgar but highly enjoyable production (in Japanese and Chinese) directed by and starring kabuki showman, Ennosuke Ichikawa.

Nastasya. Benisan Pit (546 2087). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's *The Idiot*, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando in his first ever male role as Prince Myshkin.

My Fair Lady. Koseininkin Kaikan, Shinjuku (407 8155). Touring production (in English) of the classic musical, with James Harrison following in father's Rex's footsteps as eccentric Professor Higgins.

The Cherry Orchard (in English). Ginza Saison Theatre (535 0555). Peter Brook's widely acclaimed production was first seen in Jean Claude Carriere's French translation in Paris and later in English in New York.

The Phantom of the Opera. Nissei Theatre (045 903 5701). This excellent production (in Japanese) is a carbon copy of the London original.

SALEROOM

Clocking up the price

Christie's is offering a French orrery clock on June 22nd and expects to realise a price of £500,000 for it. The eight foot high timepiece had sold at Sotheby's Mentmore Towers sale for £40,000, but at that time little was known about it. Bearing a plaque on the dial *with the date 1779 it had lan*guished for many years in the Grand Hall at Mentmore and was rather over looked.

But scholarship by the buyer at Mentmore has now presented it as an early example of the emerging neo-classical style, giving it an earlier date of 1763 and suggesting that it was the technological wonder of its age. It is also premised that it belonged to King Louis XVI. All in all an interesting but mysterious item has been *transformed into a very desire*able piece: or so Christie's believes.

Phillips was selling clocks yesterday and made £44,000 from another innovative piece, a 17th century ebonised pendulum table clock, eleven inches high, by Ahasuerus Fromantel, working in London. More remarkable was the price in a Phillips furniture sale of £132,000 paid for a pair of rosewood Regency candelabra, which had been estimated to *fetch between £10,000 and* £15,000. Phillips had mooted that they might be the work of George Bullock, the furniture maker recently much in demand, which accounts for *the competitive upward bid*ding. In addition they needed restoration and dealers like to handle that before putting on their profit margin.

Christie's coin sale produced one very good price, £29,150, at the top of the estimate, paid by Knightsbridge Coins for a unique Pontefract gold unite, struck from shilling dies, minted in that Yorkshire town in 1648 (in the old calendar) in the name of King Charles II, while it was under siege from Parliamentarian forces. It was struck shortly after the execution of Charles I and formed the first coinage of a reign which was not to start in practice for over a decade.

Sotheby's three day sale of drawings and watercolours produced a price of £99,000 in the first session, within estimate, for an album of watercolours of tulips and irises completed in the 1640s by Pieter Holsteyn the Younger. Tulip mania was at its zenith in the early 17th century with 30,000 florins being offered for three rare bulbs in the 1620s. High prices continued into the 1640s. Nurserymen commissioned artists to make representations of rare examples for the guidance of potential customers. Hence these 49 examples.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700
Wednesday April 26 1989

The survival instinct

TWO apparently contradictory instincts have characterised Japan's ruling party since the Liberals and Democrats combined to form the present conservative regime in 1955. The first is a taste for internal rivalry, which has often known few bounds, the second is a preference for collective survival in power. The announcement yesterday that Mr Noboru Takeshita would step down as Prime Minister as soon as the budget passed parliament represents a victory for the latter instinct.

He will probably be succeeded on a caretaker basis by an LDP elder, of whom the most likely is Mr Masayoshi Ito, a semi-retired former foreign minister of no particular distinction. Neither Mr Ito nor any of the other gerontocrats in the running represent the future – for Japan or for the LDP itself. But, for the moment, freedom from involvement in the Recruit affair, a state of grace in which few of the party hierarchy now find themselves, matters most. Whoever inherits the mantle will be expected to soothe, as an earlier "Mr Clean", Takeo Miki, did after Mr Kakuei Tanaka was forced out under a financial cloud in 1974.

The absence of obvious alternative leaders is a sad commentary on the LDP, which has carried respect for the aged to extremes. But, in the short term, a caretaker administration makes some sense.

Unobjectionable

First, the Recruit scandal has not run its course. Further political arrests are in the offing, as is a scheduled midsummer election for half the upper house of the Diet. A prime minister as involved as Mr Takeshita, who had failed on a number of occasions to explain his own entanglement, could not have offered the credible explanations to which the country is entitled. A man as unobjectionable as Mr Ito might buy time and minimise electoral losses.

Second, with tax reform out of the way, there are no overwhelming immediate policy problems confronting the Japanese Government. It may be embarrassing temporarily to be without a budget but the absence is not going to affect the course of the Japanese economy or Japan's international obligations. In all probability, the opposition boycott will soon wither away and business will be resumed as usual. This is what the Tokyo stock market, which rallied strongly yesterday, seemed to be saying. Finally, there is nothing on the agenda of the economic summit this summer which demands a substantial Japanese political input.

Premature

The longer view is less distinct. There is little in the history, and even less in the present state, of the political opposition to suggest that Japan is about to be captured by the forces of far left or right, though the threat of resurgent nationalism is a nagging concern. Equally, it is surely premature even to speculate on the sort of realignment which could see bits of the LDP in league with parts of the opposition.

But the Recruit scandal has brought home, as Mr Takeshita himself finally conceded yesterday, that there is a gap between what politicians have come to accept as normal and what the generally passive Japanese public considers acceptable. It is pointless to suggest that money can instantly be eradicated from the Japanese political system, any more than to desire that ethical considerations be expunged from the US post-Watergate or sex from the British political scene. But it does not rule out change.

The art of the LDP was never to be too far out of step with what the Watanabe-in-the-street felt, even though the sanctions practically available to the average Japanese were marginal. This was the essence of the symbiotic and practical relationship which has kept the party in power for so long. By disposing of Mr Takeshita, the epitome of the old way of doing things, the party has given itself some breathing space. But if, after the caretaker has served his time, the cupboard of ideas is still bare and the new blood is left waiting in the wings, then not only Japan but the outside world, which does not understand domestic political *noh* plays, is going to get very bored.

A new era for universities

MR KENNETH Baker, the UK Education Secretary, has not gone so far as to announce a voucher scheme for higher education. But he did yesterday propose a significant change in the composition of public support for universities and polytechnics. At present, public support is channelled predominantly through central funding councils: tuition fees paid on behalf of students by local authorities account for only about 9 per cent of total public funding. Mr Baker signalled that the fee element should rise to about 20 per cent in 1990/91 and perhaps 30 per cent in subsequent years.

The proposed shift represents a radical departure for Mr Baker and an implicit acceptance that earlier reforms were misguided. The tendency during the 1980s has been for central government to adopt an increasingly activist role in higher education. The old University Grants Committee launched a series of controversial "subject reviews" and forced the closure or merger of many departments. The 1988 Education Reform Act, which increased the powers of funding councils, was heavily criticised by many academics, who argued that individual universities and polytechnics should have greater freedom to determine their own destiny.

The proposed increase in tuition fees is a welcome admission that committees are not necessarily the best means for allocating resources. The move is also well timed. The Training Agency pointed out only this week that universities remain complacent about the demographic pressures they will face in the early 1990s. Few are making a serious effort to attract students from non-traditional backgrounds. The increase in fees should force them to compete more vigorously for students and to strive harder to meet their needs.

Complications

A significant increase in tuition fees does, however, raise delicate questions. It will complicate efforts to control public expenditure. Mr Baker wants the size of the university and polytechnic sector to be increasingly determined by student demand rather than by the quotas laid down by funding councils. The evidence suggests there is considerable unmet demand, particularly if institutions were to adopt a more flexible policy on entry qualifications. If the recruitment drive is successful, public expenditure could rise substantially. This may not worry Mr Baker, but it will worry some of his Cabinet colleagues.

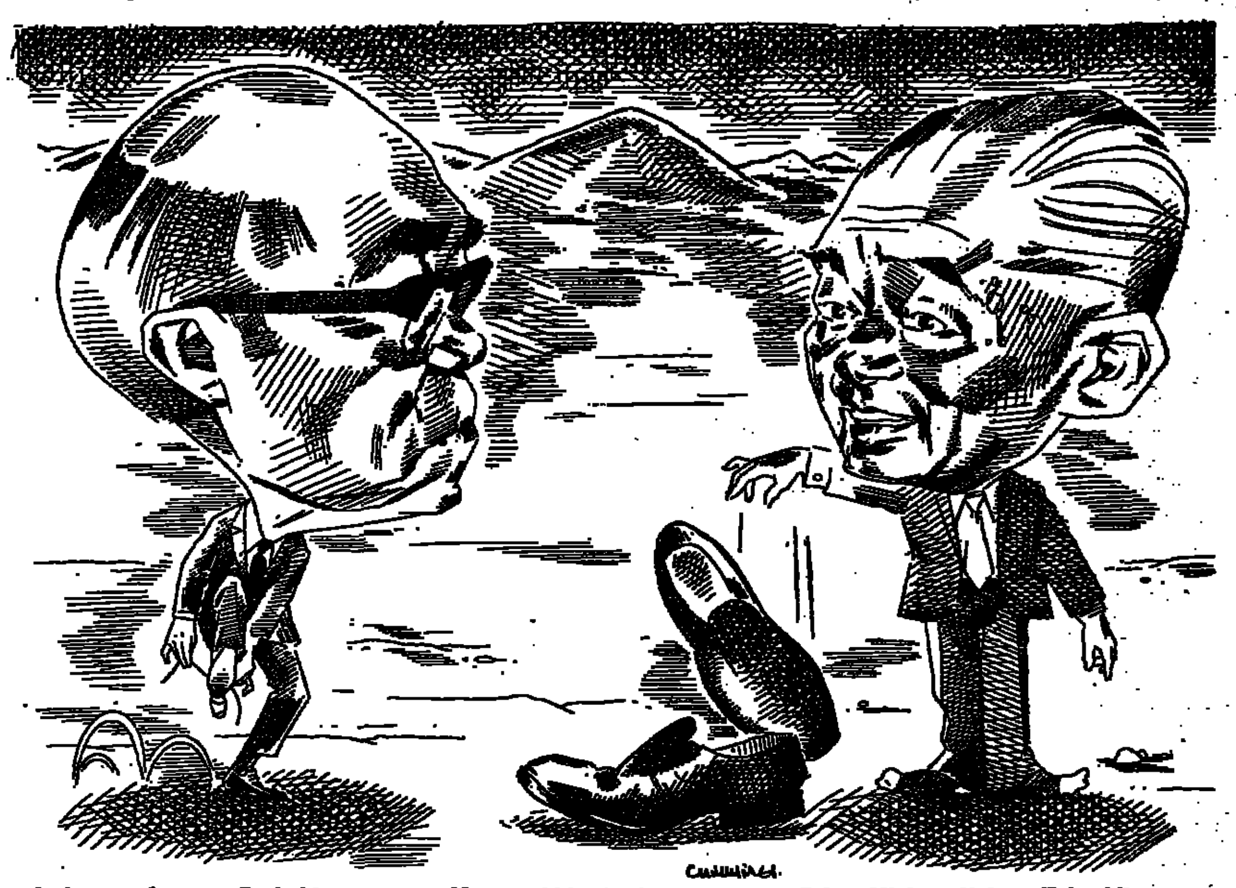
Transparency

Ministers were careful yesterday to emphasise that the increased tuition fees will be publicly financed. But it would be naive not to expect a gradual change of heart. The shift from block grants to tuition fees is a move towards greater transparency. On present plans, tuition fees for medical courses in the early 1990s will be about £3,200 a year. Mr Baker expects the taxpayer to foot this bill. But many of his colleagues will ask why the state should offer such a generous subsidy to predominantly middle-class students. The pressure for some form of means testing could become intense. Such issues ought to be honestly confronted rather than swept under the carpet.

A more immediate problem is the degree of weight which will in practice be placed on market forces. The Universities Funding Council must shortly decide whether to implement the proposed rationalisation of physics and chemistry departments. The UGC argued that no department could be viable unless it contained at least 30 academics and 200 students. These were numbers plucked from the air: many of the small departments facing the axe have excellent records in research. It is ironic that they face merger or closure at a time when Mr Baker is arguing that consumer demand should increasingly determine the future of institutions.

The case for reduced reliance on block grants has been made for decades – and not just by free-marketeers. In 1963 the Robbins Committee regretted the decline of fees and said they should be raised to cover at least 20 per cent of institutions' expenditure. The prospect of action should be welcomed by all those who fear the over-centralisation of power.

Ian Rodger and **Stefan Wagstyl** assess the prospects for reform after the resignation of Prime Minister Noboru Takeshita



A change of power: Probable successor Masayoshi Ito (left) with outgoing Prime Minister Noboru Takeshita

Japan's chance in a thousand

Japanese prime ministers tend to leave office quietly, largely unnoticed even in Japan, let alone in the world at large.

But the announcement yesterday by Mr Noboru Takeshita, the scandal-battered Prime Minister, of his intention to resign at the end of next month has been front-page news all around the world. The repercussions from it will probably be felt within Japan for a long time to come.

In the immediate future, it will compound the political turmoil caused by the Recruit affair, because there is no obvious lasting successor to Mr Takeshita. The scandal, arising from a campaign by an ambitious and rich entrepreneur to buy influence among politicians and government officials, has blighted virtually every leader in the ruling Liberal Democratic Party (LDP).

The political turmoil could lead to some uncertainty abroad about the management of Japan's economy in the next few months. Now that the Japanese economy is so large, the impact of the government's economic policies can be felt strongly elsewhere.

Problems with Japan's international trade relations are more likely, as the US, in particular, is demanding that Japan take immediate radical steps to reduce its trade surpluses. "The next six to 12 months will be hard. Washington must not expect too much from Japan," said one Western diplomat in Tokyo yesterday.

However, there is a good chance that Japan will emerge from the turmoil with a political system more suited to the modern age than the present corrupt web of primitive loyalties in which those with the most money have the last word. Mr Takeshita's resignation could open the way for radical electoral reform designed to generate confidence at home and abroad in Japanese politicians.

Japan, the first-rate economic power, would no longer have to live with the jibe that it has a third-rate political system. "This is a chance in a thousand for Japanese people to shape their own future," says Mr Hideo Uchiyama, a Keio University professor.

The LDP's first priority in the wake of Mr Takeshita's resignation, is to find a new leader and try to recover some of its depleted popularity. None of the next generation of leaders is available because they have all been caught taking large amounts of money from Recruit. This means that an elder statesman, Mr Masayoshi Ito, will probably be asked to take on the job on a temporary basis, perhaps for six months.

Party members may give him their full support for a couple of months, in the hope that his clean image will help them avoid a débâcle in elections due in late July for the parliamentary upper house. But thereafter the party's many organised can be expected to concentrate on internecine struggles over who will emerge as the next "normal" prime minister. If the party loses its majority in the upper house in the elections, then the task of governing will become even more difficult for Mr Ito, who is 75 and suffers from diabetes.

Even before Mr Takeshita goes, there is considerable potential for political strife among the LDP's four main factions. Despite Mr Takeshita's resignation, the problem of passing the budget for the 1988-89 fiscal year, which started in April, still looks substantial.

The opposition parties remain united in demanding that Mr Yasuhiro Nakasone, who was prime minister when Recruit was carrying out its influence-buying campaign, testify in the Diet (parliament) about his own role in the affair. Mr Nakasone, backed by his faction, has been resisting these demands, some say out of fear of being caught perjuring himself if he does appear. The other factions have so far supported him but now that their leaders have all suffered from Recruit connections, they may become impatient.

It is a sign of the weakness of Japan's parliamentary opposition that in a crisis like this the LDP – which has held power in one manifestation or another since 1948 – can afford the luxury of in-fighting. Although public support for the LDP has slumped to about 24 per cent, opposition parties have not made commensurate gains and have not been able to bring forward any policies that would make them look like plausible parties of government. "After 30 years out of power, they have got used to living on leftovers," Mr Kenzo Uchida, a professor of politics at Hosei University, said last week.

'I sometimes think we must dissolve the party and start again from zero if we are unable to enact reform ourselves'

The LDP is widely expected to lose seats in both the upper house election this summer and the lower house election, whenever it comes. It might even lose its majorities in both houses, especially if the public prosecutors' investigations into the Recruit scandal drag on into next year and public unhappiness over a new 3 per cent value added tax introduced this month remains high. But the party has the cushion of its spectacular success in the last elections in 1986. It holds 296 out of 512 seats in the more important lower house. Analysts say that in the worst case this would only fall to 230-240. Moreover, even without a majority the LDP is likely to stay in Government – as the leading partner in a coalition.

Meanwhile, on the international front, there has already been a hint of the chaos which uncertainty over the prime minister's post might bring. Yesterday, a planned visit this weekend to south-east Asia by Mr Takeshita was initially cancelled, then it was said a substitute might go in his place, before it finally emerged that Mr Takeshita would go after all.

On a more serious level, the leaders he will meet on the trip will be wondering what if any promises Mr Takeshita might make will be worth. There was speculation in Tokyo yesterday that a visit next month to Japan by the South Korean president, Mr Roh Tae Woo, could be called off. There will also be great unease in Washington, where a new administration is looking for immediate Japanese action to bring down its huge trade surpluses. Both countries will have to start from scratch in building a replacement for the now redundant Bush-Takeshita relationship.

The Japanese bureaucracy can run on autopilot for many months, but it shrinks instinctively from making the kind of big decisions that may be necessary in some areas. This is less of a concern to financial policy, which is largely controlled by the Ministry of Finance and the Bank of Japan, as to trade policy. Here Japan may shortly find itself facing a fresh attack from the US. Under the terms of last year's trade legislation Washington is drawing up a list of countries which are deemed to practice unfair trade and may be candidates for sanctions.

There is a good chance that Japan will emerge from the turmoil with a system more suited to the modern age

If the LDP can survive the considerable difficulties of the next few months, the focus will shift to the question of political reform. A general election is due by the middle of 1990, and political analysts say that the LDP must demonstrate not only its intention but some progress towards reforming the political system if it wants to regain its credibility. "Corruption and decay will breed if there is no change in the party in power," Mr Uchida said.

The need for political reform has been apparent for a long time. Bribery scandals have occurred frequently in Japanese post war politics, largely because the system obliges politicians to spend (and thus to raise) huge amounts of money. Nine out of 16 post-war prime ministers have been tainted by scandal. In the past, no one paid much attention to these affairs because politicians did not seem to matter. However, the Recruit scandal struck a sensitive chord with many Japanese from the time it first emerged last summer.

Japan is in the midst of an economic boom, but the rewards are being unevenly spread, stretching to breaking point the myth that everyone is middle-class. Only a small proportion of the people are benefiting from the huge rises in share and property prices in the past three years. The average salaried worker cannot afford to buy a house in Tokyo any more. The sight of politicians making 20 times more than the average wage on a single share deal shocked many people.

As Mr Takeshita acknowledged at his press conference yesterday, politicians have become increasingly distant from the people they claim to represent, and have become an inbred élite. In the Diet there is only one LDP man under 40 who is not related to another politician. People are also shocked at the extraordinary scale of the business corruption involved in the Recruit scandal.

With each new revelation of the extent to which politicians were willing to compromise themselves to get Recruit money the disgust intensified, latterly even within the LDP. "I sometimes think we must dissolve the party and start again from zero if we are unable to enact reform ourselves. We must be willing to put the knife into our body and let the blood flow," said Mr Masayoshi Takemura, a member of the Diet and leading advocate of reform in the LDP.

The direction of reform is now being set. It will seek to cut the links between money and politics which lie at the heart of the Recruit affair. It will try to limit the ways in which wealthy companies and interest groups influence the government at the expense of the man in the street. It may also move towards reform of the electoral system, which would really shake things up.

Japan has multi-seat constituencies, which means that politicians from the same party waste a lot of money fighting against each other. If it moved to a single-seat system either with or without an element of proportional representation, as many are now advocating, the nature of politics could change overwhelmingly, perhaps even leading to alternation in power between two or more credible parties.

Still, the road to reform will be bumpy. Conservatives will point out that the LDP has run Japan very successfully for more than 30 years. Cynics argue that talk of reform within the LDP is no more than a desperate attempt to curry favour with the electorate. How can a party which is fundamentally corrupt carry out reform, they ask?

But this view probably underestimates the strength of the momentum for reform. For one thing, the politicians are already finding in the wake of the Recruit affair that companies are less willing to make donations. If that trend holds, then they will become more receptive to reforms, such as single-seat constituencies, which would bring about a reduction of their costs.

Also, the promises of reform already made by Mr Takeshita and others have acquired a life of their own. The expectation of change he has created within the LDP, in the opposition parties, business circles, the press and public opinion, seems now too great to resist. In Japanese politics, consensus matters. Consensus has for 30 years favoured stability, even immobility. Now it seems to favour change.

OBSERVER

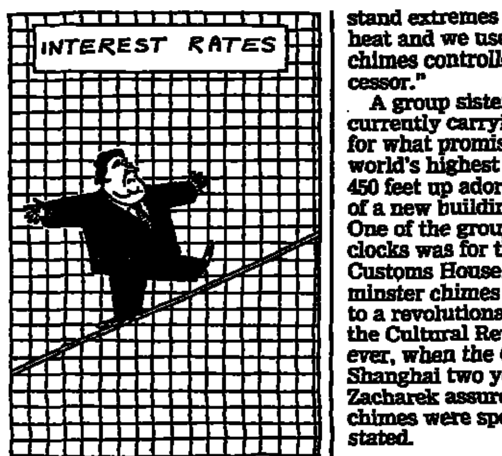
PM recalls her debt

■ Conscious of all the attention surrounding her tenth anniversary as Britain's Prime Minister, Margaret Thatcher was in a reminiscing mood the other night at a small ceremony in the ornate Speaker's House at Westminster. She was promoting another tenth anniversary, that of the Airey Neave Trust, which provides relief for political refugees and financial support for research and publications on personal freedom under the law.

Airey Neave was, you remember, the first British officer to escape from Colditz, and Conservative MP for Abingdon from 1953 until his assassination by an IRA car-bomb in March 1979. When that news came, Mrs Thatcher was at a function for the disabled in her constituency. It was mid-campaign. She did not know who had been hit by the bomb, but she rushed down to Westminster. Though clearly moved by these memories, she also reminded Joe Rogaly, our political columnist, of her debt to Neave.

"Keith Joseph and I had been working very closely on the things in which we both believed," she told him. That was in 1974, when the now Lord Joseph was preparing to stand for election as Tory leader, against the fallen Prime Minister Ted Heath. This plan went off the rails following a disastrous speech on social class. The Joseph opportunity vanished. "Keith came to my tiny office and said he would not stand. 'Very well then,' I said, 'I will'. We started work that minute."

The Prime Minister's face was perfectly composed as she added, "I know nothing about the machinery of political organisation, you see. So when Airey came to me and said, 'Have you got an organisation?' and I said 'no' he replied, 'well, you'd better have mine.' I could not have won without him."



Reminded that Neave organisation's had been built up for the Tory former grandee Edward du Cann, who withdrew from the contest, her expression became distant. "I don't know why he did that," she said.

Clock towers

■ Demand for that venerable civic sight, the tower clock, is booming. The ubiquitous use of the wrist watch appears to have had little impact on the order books of the Smith of Derby group, whose three companies dominate the market in the UK and Europe.

The survival of the tower clock is in part due to institutions and companies wishing to reinforce corporate identity in new buildings; but also to the increased sophistication of the makers. "Most (of the new clocks) are automatically controlled with a computer back-up system," says Michael Zacharek, manager of J B Joyce, part of the Smith of Derby group. "Clock faces are made out of fibre glass to withstand extremes of cold and heat and we use electronic chimes controlled by microprocessor."

A group sister company is currently carrying out an order for what promises to be the world's highest clock tower, 450 feet up adorning the face of a new building in Chicago. One of the group's largest clocks was for the Shanghai Customs House, whose Westminster chimes were changed to a revolutionary tune during the Cultural Revolution. However, when the Queen visited Shanghai two years ago, Mr Zacharek assures me the chimes were specially reinstated.

Faded fame

■ The old adage that history is full of forgotten heroes is singularly appropriate to the Portuguese military who on April 25, 1974 carried a near bloodless revolution, ending a 50 year-old dictatorship and paving the way for eventual democracy. Yesterday as crowds in Lisbon celebrated the anniversary with a huge fireworks display, our correspondent found the majority of the key players in those events had gathered the dust of obscurity.

Take Antonio Spinola, the monocled general who became the Conservative figurehead and President of the Republic in 1974-75, and was pushed off to Brazil subsequently to return pensioned off as a marshal. Now frail and in his eighties, he sticks to a country retreat. Or Francisco Costa Gomes, who in 1975-76 was Spinola's successor as President. Known as 'The Cork' for his ability to float through revolutionary rapids, Costa Gomes has also been pensioned off as a marshal and is only occasionally heard of dabbling in left-wing causes.

A less dignified fate has befallen Otelo Saraiva de Carvalho, the April coup's strategist, whose stocky figure and voluble personality converted him into the symbol of the Carnation Revolution. Sudden fame proved too much for this naïve soldier with no political training. His unstable revolutionary credo led him to fall out with his fellow military commanders after 1975. His views led him in the early Eighties to become the figurehead of a terrorist group, FP 25. For the past six years he has been languishing in jail for his alleged part in a terrorist conspiracy: a sorry epitaph on a man who once helped begin Portugal's conversion from Europe's pariah into Europe's partner.

After hours

■ What would you do with an extra hour in Paris? An advertisement for London's City Airport asks the question, and then – obviously proud of its time-saving treatment of passengers – suggests the answer with a picture of a chorus girl exposing her fish net stockings and a saucy smile.

Unfortunately a Paris show like the Moulin Rouge (from whence the belle appears to hail) only opens at 20.00, precisely the time at which the last plane returns from Paris to the City Airport. The real show, I am assured, begins at 23.00 currently starring Lady King, an irresistible transvestite. Better spend the night after all.

Sign-language

■ English-language guests at the Hotel Sofitel, Paris could be forgiven for being confused by the following instructions on a breakfast order form to be hung outside their bedrooms: "In order to avoid any mistake, would you be so kind as to sign the present door-knob."

Robert Graham

Lucy Kellaway examines the growing UK popularity of "investor relations"

All the fun of the share

Five magicians rehearse their tricks before presenting the BET Experience to over a thousand small shareholders in Birmingham. Several dozen Next managers in sharp, double-breasted suits discuss home shopping with a more traditionally clad group from the City. The managing director of a UK stockbroker and a senior executive of Saatchi & Saatchi give up big offices and even bigger salaries to share a cramped room in Lincoln's Inn.

These are just some of the recent goings-on in the name of "investor relations". This singularly North American notion – made up of common sense, jargon and hype, as well as a systematic approach to marketing equity – has arrived in the UK. Invented in the US by General Electric in the 1950s, investor relations now preoccupies most companies on the London market.

The general idea is simple enough. Geoff Mulcahy, the chief executive of Kingfisher, recently told a CBI conference that the trick was to know who your shareholders and potential shareholders are, to tell them a consistent story, to find the correct way to tell them, and to tell them often. It sounds obvious enough, but it cuts across the old insular practices of British industry.

"A lot of companies have only the vaguest idea about their shareholders, and have certainly never met them. Some have been using sophisticated marketing methods for their products for years, but the idea of marketing their shares has never occurred to them," says Mr Reg Valin of VPI, the largest investor relations agency in the UK.

The checklist he might recommend is short: companies should monitor their share registers, be quick to look behind the nominee holdings and to spot any stake-building. They should introduce themselves to promising potential investors, aiming to fill gaps with trusty new holders which resemble the Pru more than, say, Mr Alan Bond. They must have a strong story about the company that is both consistent and sensible. The senior management must learn to be personable, tactful and approachable, must get information into the market quickly, and above all must avoid shocks.

It is all valuable advice, but is arguably something that a company could deduce for itself. "There is a danger that if we are successful, in the end we can work ourselves out of a job," admits Mr John Makinson, (former FT journalist, former Saatchi executive) who has just secured four FTSE clients for Makinson-Cowell, the new Lincoln's Inn consultancy. Still, for the time being some companies evidently feel in need of help, and investor relations appears to be one of the only remaining growing parts of an otherwise overcrowded industry. VPI – which also offers an electronic share tracing service – has doubled its business in each of the last three years, and exudes confidence for the future.

The real problem with investor relations is the cost. Never mind whether a company employs a consultant at £50,000 to £100,000 a year, or how many plush suites at the Savoy it hires for presentations and lunches, the real cost is in management time. Mr Mulcahy – who takes the business seriously enough to have changed the name of his company from Woolworth to help get the corporate message across – told the somewhat incredulous CBI audience that he spends some 10 per cent of his time with his shareholders.

Clearly companies do not do it for love. According to David Rough of Legal & General, communications between managers and shareholders have improved for all the wrong reasons. "Companies feel they should find out about shareholders not because they want to, but because they are frightened of being taken over," he says. In a market in which even GEC can be the target of a takeover threat, it is not hard to see why companies are anxious to reinforce the link with their shareholders.

There are other reasons, too. Many big companies have recently been through the awe-inspiring process of a listing in the US, where chief executives might devote one day a week to a never-ending pattern of presentations and meetings. While the fragmented retail investor market in the US requires a bigger, more co-ordinated effort, the same principles of contact and communication apply, in miniature, to the UK.

Another spur to investor relations has been the confused state of stockbrokers after the deregulation and automation of the City known as Big Bang. As loss-makers, market-makers, purveyors of independent information, vendors of shares on commission and touts for corporate finance business, brokers can scarcely be expected to be disinterested and conscientious in the unpaid role of investor relations advisers.

Before Big Bang, the system may have been tolerably efficient, in which companies met investors informally over steak and kidney pudding at brokers' lunches, and analysts acted as the main information channel from management to the market. "Since Big Bang it has become more and more difficult for an analyst to know his role," says Bob Cowell, who resigned from Hoare Govett earlier this month to start Makinson-Cowell.

Increasingly, companies are side-stepping the broker and dealing with institutions direct. Most now hold three meetings on their results day: adding one for institutions to the traditional bashes for journalists and stockbrokers, in addition to a relentless schedule of individual meetings and visits. The big institutional investors like Legal & General have teams of analysts which might make some 500 visits to companies each year while its senior mangement would expect an annual lunch or dinner with the companies' top management to discuss strategy.

Apparently at odds with this new openness is the Financial Services Act. "The difficulty," says Mr Mike Payne of Legal & General "is to avoid acquiring insider information." This need not spoil the whole thing, however, he adds, as "the main point is to judge the calibre of management – to see if they can put themselves across convincingly – rather than discuss price-sensitive details."

The institutions may welcome all the meetings and the extra attention, but they do not support the whole package unreservedly. Whereas the small investors may love the razzmatazz of the multi-media BET Experience, the bigger investors worry that some companies are substituting gloss for grit. "The thing that worries me is the growing role of the investor relations man. He is often *not* the brightest guy around, and [is] sometimes short-term and naïve," says Mr Keith Percy of Phillips & Drew.

Mr John Richards, retailing analyst at County NatWest, warns against the Burton effect – in which presentations are set up like a TV panel show, with mood lighting and every conceivable audio-visual effect. "It always looks so slick, and so over-rehearsed that the effect is usually counter-productive," he says.

In the end, the test of whether investor relations works is not the aesthetic judgments of the City, but share price, and the company's continued independence. Of the three stocks – BET, Kingfisher, and Beecham – recently featured as companies with investor relations programmes in a new magazine on the subject published by the Economist, none has fallen to hostile takeover, and Woolworth has successfully defended itself. But whether they have enjoyed better share price performance than say, Marks and Spencer, which is far better at selling sweaters and smoked salmon than at telling anyone about it, is another matter.

BP's seven-strong investor relations department, which has been put though its paces by the flopped Government share sale, the Kuwait Investment Office débâcle, the Britoil takeover and the Standard Oil deal, has a clear target in mind. This, according to Mr Peter Aslet, head of group investor relations, is to keep its shares "towards the top of a band set at the bottom by the yield, and at the top by unwarranted expectation." To judge from the present yield of about 6.3 per cent (versus Shell's 5.6 per cent) it is hard going.

In the end, it is the company's performance that matters, and no conjurers, democratic discussions with the City, or advice from consultants can do anything about that.

Britain and the EC

Time to surrender those Victorian traditions

By William Wallace

The British Government is hung up on sovereignty. More, it is contradictory in its approach to international economic interdependence, to the role of the state in international markets, and above all to the implications of intensive economic integration within Western Europe for British statehood and British national interests.

Sovereignty was one of the great Victorian values. Nineteenth-century European governments extended central authority throughout their territories, sponsored railway networks to bind the state together, introduced compulsory national education and strengthened border controls to mark each national boundary. Mercantilist economic policies were an intrinsic part of their nation-building strategies, in every state except one. Britain's early industrialisation and consequent economic and industrial hegemony gave it the luxury of pursuing a policy of free trade while at the same time promoting national integration within the British Isles.

Indeed, the dominance of its position made it possible for politicians to elide imperialism and national sovereignty. In the great conflicts over Irish (and Scottish) home rule which shaped and sharpened the Victorian doctrine of unitary sovereignty, it was the sovereignty of "the Imperial Parliament" at Westminster which unionists championed, not just the supremacy of England – and of English – over Britain's other peoples. Joseph Chamberlain, a unionist and an imperialist more than a Liberal, was one of the first to note the contradiction between sovereignty and free trade, reacting to the growing industrial challenge of Germany with his proposals for Imperial Preference.

The Prime Minister, in her Glasgow speech of February 3, both vigorously defended the union between England and Scotland and called for a European Community "to match the trading power of the United States and Japan": an objective which closely echoes that declared by Alexander Hamilton, the father of modern mercantilism, 200 years ago, of a United States capable of matching what was then the dominant trading power, Britain. Many of the most difficult issues on the European agenda focus around how best to achieve this objective. There is room for informed argument about how much power needs to be vested in the central institutions of the Community, over how wide a range of policies, in order to gain the benefits of greater bargaining strength in the international arena. But there can be no question that some surrender of sovereignty as traditionally conceived is necessarily involved.

In many areas of policy the British Government takes a relaxed view of the erosion of national autonomy through international interdependence. It is, for example, far less concerned than most other advanced industrial democracies to protect its national media from rising foreign content or control. It has abandoned the mercantilist preoccupations of its predecessors with civil high technology, as a source of national pride and national strength – though its attitudes towards military high technology and to the promotion of armaments exports remain much more conservative. It permits British companies to swim or sink in the international marketplace without the crutches of industrial sponsorship and governmental subsidy. It vigorously welcomes foreign investment, both through the establishment of new subsidiary enterprises and through takeovers. Kenneth Clarke condemned the critics of the Nestlé bid for Rowntree as "chauvinists".

There are, it is true, some limits to this general acceptance of the dynamics of international markets. The Governor of the Bank of England, in a speech reprinted in the Bank's Autumn 1987 Quarterly Bulletin, has declared it "counter to common sense" to allow "the core of our financial system . . . to pass into the hands of institutions whose business aims and national interest lie elsewhere." Privatisation and deregulation have thrown up new dilemmas, illustrated in the Government's uncertain handling of the Kuwaiti stake in BP as well as in the evident unease at the extent of French incursions into British water companies.

But it is money, tax, and border controls which have become the sticking points, the issues on which economic liberalism and acceptance of European trends give way to nationalist assertion. Less explicitly, the armed forces and most of all the nuclear deterrent are held to be beyond the same pale. The Chancellor's immediate reaction to the Delors Committee's proposals echoed his Chatham House speech of January 25, when he declared that any moves towards a European Central Bank would "go to the very heart of nationhood . . . counter to the realities of national identity." His tone closely followed that of the Prime Minister in her Bruges speech, which insisted that "co-operation among independent sovereign states" is the only acceptable way to build a European grouping.

Like Hugh Gaitskell during the debate over Britain's first application to the EC, the Government seems determined to defend the myths of British history and of the British constitution against the realities of the contemporary global economy. While "a single market is more likely to create a common currency than a common currency to create a single market," as the European Business Leaders' Manifesto from the Institute of Directors argues, "in the long run movements towards this end will inevitably take place." The IoD thus directs attention to policy-making at the European level.

Underneath the sharpness of his rhetoric, it is probable that the Chancellor recognises the underlying contradictions. A government cannot consistently pursue international deregulation and a stronger weight for Europe in international economic co-ordination while at the same time preserving national sovereignty. Now is the time for all good men to point out that Britain's long-term national interests are to be found through rational economics and pragmatic politics, not through historical myth.

The author is deputy director of the Royal Institute of International Affairs, London

LETTERS

South Africa needs to negotiate

From Mr Stuart Bell.

Sir, If foreign bankers are indeed becoming more favourably inclined towards South Africa – as Mr Gerhard de Kock, governor of the South African Reserve Bank, would have us believe (April 21) – they should also be aware that the picture he paints for the benefit of the foreign media contrasts strongly with the analysis of the South African economy, published in the latest bulletin of the Reserve Bank.

This reports a R6.7bn capital outflow, a collapsing currency (the rand depreciated 13.1 per cent last year against the major world currencies), growing government debt (up 21.1 per cent), and barely improving domestic confidence (personal saving is only 1.7 per cent of disposable income).

It also might have mentioned spiralling defence expenditure (up 24 per cent in the March budget), and an unsatisfactory growth rate hampered by sanctions.

Mr de Kock's interest in glossing over these matters lies in South Africa's impending need to negotiate a new debt repayment agreement with its foreign creditor banks, to replace the current settlement which expires in 1990.

South Africa needs a favourable settlement because even the minimal repayments it agreed to make under the previous deal have strained its economy, necessitating the imposition of a tight monetary policy, import controls and the maintenance of the dual exchange rate system to dissuade disinvestment.

It would be no exaggeration to say that South Africa's economic policy, since 1985, has been largely determined by the imperatives of meeting its debt service obligations while entirely excluded from international capital markets by so-called financial sanctions.

South Africa is as constrained politically by financial sanctions as it has been economically. It is surely no coincidence that the periods when South Africa has appeared most amenable to reform and negotiations have also been when it has been seeking new foreign loans or repayment deals for its foreign debt.

In 1985-1986, for example, Pretoria maintained the promise of reforms and co-operation with the Commonwealth Eminent Persons Group, while negotiations with banks took place. Almost as soon as the first repayment deal was struck in February 1986, reform disappeared from Pretoria's political agenda. A few months later the full-scale state of emergency was imposed, and the EPG mission was scuppered with the bombing of Harare, Gaberone and Lusaka. Pretoria's agreement to withdraw from Angola and Namibia, together with persistent rumours of the release of Nelson Mandela and other political prisoners will undoubtedly be used by South Africa to justify a new debt agreement this year.

The imposition or withdrawal of financial sanctions have had a very real impact on South Africa's policies. The outcome of contacts between banks and South African authorities in the next months will have profound political repercussions whether bankers like it or not.

It is in this context that banks are being pressed to refuse to extend outstanding loans for a further period. Anything short of immediate repayment will only serve the interests of the South African regime by granting it a few more years of relative financial security.

To a large extent, banks have the power to call the political tune in South Africa if they so choose. In the forthcoming period, they should reject the blandishments of Mr de Kock and his colleagues and instead press for action against apartheid.

Stuart Bell,
Anti Apartheid Movement,
13 Mandela Street, NW1

Eurotunnel profit projections assessed and reassessed

From Mr Graham Corbett.

Sir, "Channel Tunnel may lose £4bn in first full year" (April 21) made dramatic reading – particularly for a project whose gross first year costs are estimated at a mere £650m (Eurotunnel prospectus, November 1987).

The paper you quote from was discussing the possibility (under an extreme set of assumptions) of a 1994 negative net present value of future cash flows rather than a first year loss. More important is to emphasise that the authors' principal finding was that "under (their) central assumptions, the tunnel is both privately and socially profitable." This bears out the conclusions of the independent traffic consultants who examined the likely competitive situation at the time of the prospectus, and again last summer.

Eurotunnel's own analysis indicates that even under the authors' extreme cost case (a 40 per cent drop in the ferries' marginal operating cost), the calculated return to shareholders remains positive.

Graham Corbett,
Eurotunnel, Victoria Plaza,
111 Buckingham Palace Road, SW1

From Mr J.A. Kay and Mr S. Szymanski.

Sir, Kevin Brown's article (April 21) gives a somewhat misleading account of our assessment of the likely profitability of Eurotunnel. The tunnel is a highly risky project and the returns are very sensitive to costs, traffic volumes, and the strategic response of the ferry competitors. Our central assessment, however, is that the project itself is likely to generate substantial profits.

There are no possible circumstances in which the tunnel could "lose £4bn in the first full year." This is what could be lost, over the whole lifetime of the franchise, if the projections of the tunnel's opponents were fulfilled.

Our analysis considers this scenario, not because we believe it is a likely outcome, but in order to show that even in these extreme circumstances the tunnel would generate substantial net economic benefits even if it turned out to be a commercial failure.

J.A. Kay,
S. Szymanski,
Centre for Business Strategy,
London Business School,
Sussex Place,
Regent's Park, NW1

Equality of pension age

From Mr P.D.G. Tompkins.

Sir, As you report, the provisions of the Social Security Bill ("Ban on bridging pensions could hit trend to earlier retirement," April 18) will prevent pension schemes from paying male pensioners "bridge pensions" which these pension arrangements do not pay to female pensioners of the same age.

But the provisions will only commence on January 1 1993, with protection for rights accrued prior to that date.

This statutory frustration of attempts by employers to offset the discrimination within the state pension system makes it imperative that the UK Government address the issue of revision to state pensionable ages as a matter of urgency – preferably well before January 1 1993.

Compliance with the principles of equality in such an uncertain environment is not a reasonable expectation to be placing upon employers.

Peter Tompkins,
Lane Clark & Peacock,
30 Old Burlington Street, W1

Employee share option schemes

From Mr George Copeman.

Sir, As Messrs Daws and Johnstone say (Letters, April 15), there are over twice as many approved executive share option schemes as general employee share schemes.

The investment institutions, however, recognise the value of both, by requiring that half the shares available for employees should be used in general employee schemes.

The Wider Share Ownership Council has long advocated in public and to the Treasury that tax advantage for executive share options should be available only to companies which also have a general employee share scheme.

It would be logical, if executive schemes were to be included in the facilities for an employee share ownership trust, that this should be conditional on the company also having a general employee scheme, and using in it no less than half the available shares.

George Copeman,
Moonraker,
Batts Lane, Marehill,
Pulborough, West Sussex

FINANCIAL TIMES
Wednesday April 26 1989

Peking signals tough crackdown on student unrest

By our Foreign Staff

CHINA's leadership yesterday signalled a crackdown on student and other demonstrators with a stern warning in the People's Daily government newspaper accusing them of a "planned conspiracy" to overthrow the Communist Party and plunge China into chaos.

"If we are too tolerant," the official government newspaper said, speaking of student protest, "there will be more serious chaos... if these people continue in their illegal activities, they will be severely punished."

The People's Daily commentary broke a virtual silence on the unrest in Peking and other cities for the past 10 days by urging the entire population to unite in a "serious political struggle" against the demonstrators.

Chinese students demanding greater democracy have staged daily demonstrations in Peking's Tiananmen Square since the death of Hu Yaobang, the dismissed former party leader who was seen as a champion of liberalism.

The People's Daily said 98 people were arrested after rioting in Changsha, south China, on Saturday. The Changsha riots, in which 28 shops and a shopping arcade were looted, have been described in China's official press as the worst rioting in 40 years. The newspaper said that of the 98 detained in Changsha, 32 were workers, 28 were unemployed, 26 were peasants, six were self-employed and six were students. It said 52 were waiting trial. Rioting also broke out at the weekend in the ancient capital of Xian in western China.

The People's Daily commentary appears to reflect the increasing concern of China's leaders on how to respond to the wave of demonstrations. In language reminiscent of Peking's vitriolic attacks on Tibetans demanding independence, the paper said a "tiny minority" of people seeking to overthrow the party had manipulated the student movement.

"It is not that these people have grievances. They have a secret motive, to create chaos across the whole nation and destroy stability."

Student posters have lampooned several senior leaders, notably Premier Li Peng who was portrayed as a small too frightened to emerge from his shell.

The commentary was greeted with anger on the campuses. Students at Peking's Qinghua University were reported to have called a mass meeting to discuss how to react.

Earlier, students yesterday tried to mobilise support on the streets by handing out sheets giving their version of the 10-day-old campaign for political reform to counteract government propaganda.

Marchers from a Peking technical college yesterday chanted "The People's Daily cheats the people, Central TV turns black into white, and the Peking Daily prints nonsense."

Economics part the East-West curtain

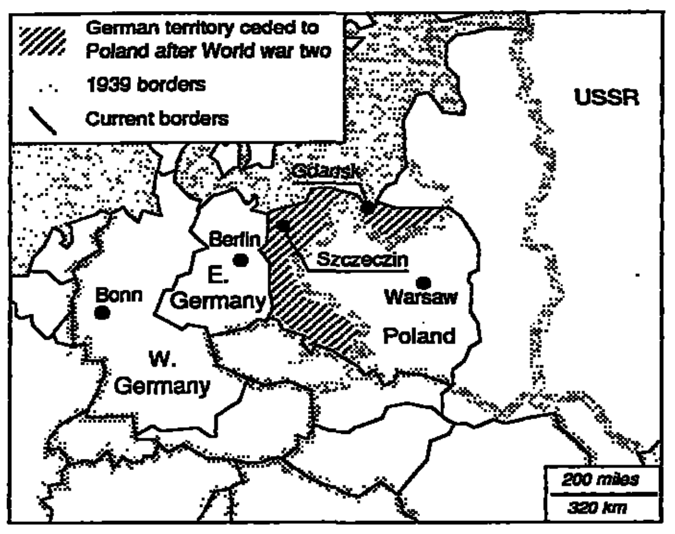
FT Correspondents assess progress in relations between West Germany and Poland

AN ESTATE agent in Hanover reports strong interest among his clients in leasing farmland in Poland, for a minimum investment of $50,000.

In West Berlin, thousands of Poles arrive every weekend to sell furs, caviar, alcohol and cigarettes for hard currency, or else to work in the black economy for wages approximately 10 times those in their country.

And a newspaper in the Polish port of Szczecin (Stettin to the Germans) carries advertisements from West Berliners inviting Poles to come and buy their old cars or kitchen equipment.

Rich German meets poor Pole: these vignettes are some of the more bizarre manifestations of the rapid, although far from smooth, development taking place in one of the most important of East-West relationships: between West Germany and Poland.



The Polish leadership's spectacular conversion to economic and political liberalisation, consolidated by the legalisation of Solidarity and the promise of contested elections, seems, on the face of it, to open the way for a new phase in the historic rapprochement that began in the 1970s and was interrupted by the 1981 martial law crackdown.

On the side of such a rapprochement are the Federal Republic's economic success and Poland's utter economic failure; Bonn's declared interest in building bridges across the division of Europe, which runs through Germany, and Warsaw's desperate keenness to seek whatever help it can get.

While Poland would clearly like improved relations with as broad a range of Western countries as possible, the hard reality is that its Westwards turn must, to a large extent, be mediated through Bonn.

West Germany is Poland's biggest creditor, with outstanding loans of DM17.8bn ($9.52bn). Poland does more trade with the Federal Republic (at DM6bn last year) than with any other Western country.

Polish hopes that a long-mooted visit to Warsaw by Chancellor Helmut Kohl could take place this year were raised in January when Mr Mieczyslaw Rakowski, the Polish Prime Minister, paid an unofficial visit to West Germany. But ironing out the accumulated problems in Polish-West German relations is not proving a simple task.

Most of Poland's debt to West Germany cannot be renegotiated by bilateral agreement alone: Bonn has to refer to its partners in the Paris Club of creditors. What the two countries can settle bilaterally is the DM1bn jumbo credit accorded by West Germany in 1975.

The Federal Republic has agreed in principle to accept payment for this loan in zlotys (tantamount, from a financial point of view, to writing it off) and it is negotiating for the money to be spent, in Poland, for such purposes as German cultural institutes and German schools.

As for the granting of new credit, West German politicians and bankers are acutely aware of the danger of repeating the mistakes of the 1970s, when loans to Warsaw disappeared down the drain and arguably helped prop up bad policies.

The Poles well understand this reluctance, hence their stress on investment in Polish-German joint ventures, and their invitation to West German and other Western investors to lease entire farms or factories.

While reformers in Hungary have history and culture on their side in their drive for closer relations with neutral Austria, the upgrading of West German-Polish ties still faces some psychological barriers: many Poles retain bitter war memories and are sceptical of West Germany's pledge, made in 1970, to respect Poland's Western frontiers. But a new generation of Poles views West Germany not so much with atavistic mistrust as with awe and envy. And the power of the economic forces now at work seems more than enough to wash away at least some of the historic problems bedevilling relations.

The Polish authorities may quietly drop their protests against the use in the Federal Republic of German names for places in Poland; and they have already indicated that they are willing, for the first time since 1945, to allow German culture to flourish on Polish soil. But other historically rooted problems are proving more intractable.

One of the key aims of West German policy in the 1970s was to encourage Poland to let its ethnic German citizens emigrate. The 1975 credit was tied to acceptance of this demand.

Ironically, the Polish Government is now allowing such emigration on a scale never imagined by Bonn. The flood of Polish-Germans into the Federal Republic, and the resulting upsurge in anti-immigrant feeling, is now one of Mr Kohl's most taxing political problems.

Last year, 140,000 ethnic Germans from Poland entered the Federal Republic, making up the lion's share of the 203,000 *Aussiedler* (returning settlers) from Eastern Europe.

Many of the younger Poles streaming in are able to claim German ancestry even though they do not speak the language and have little affinity with the Germans. This is another consequence of history. The grandfathers of many of the present generation of Polish emigrés were forced to fight in the German Wehrmacht – and can claim German citizenship on that ground.

Mr Kohl wants to visit Poland, on the right terms: so does the Federal Republic's head of state, President Richard von Weizsäcker.

But the arguments raging in West Germany about the advisability of that visit are yet another legacy of history.

The President's diplomat father helped prepare the Soviet-German non-aggression pact of August 1939 leading to the dismemberment of Poland. There would be powerful symbolism in a visit by the current head of state this September to coincide with the 50th anniversary of the invasion of Poland.

But sections of the dominant conservative parties in the Bonn coalition oppose the idea of the President making such a formal act of contrition. Because of his background, the President is frequently accused by the right of taking a soft line on Eastern Europe so as to to lighten the burden of his family's past.

In the past two weeks, some of the pressure has been taken off West German-Polish relationships, as other Western countries have started to show their interest in developments in Warsaw.

President George Bush has outlined a wide-ranging, though carefully judged and conditional package of economic help. At an EC foreign ministers' meeting in Luxembourg, Britain and France indicated increasing acceptance of West Germany's case for a more dynamic and better co-ordinated West European policy on Eastern Europe.

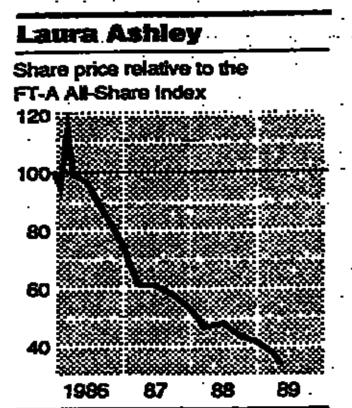
But whether the Polish-German relationship itself can fulfil its huge potential still hinges on complex matters of money and history.

Reports by David Marsh in Bonn, Christopher Bobinski in Warsaw, Leslie Colitt in Berlin and Bruce Clark in London.

THE LEX COLUMN

The odds against the bookies

The decision to refer the GrandMet/William Hill deal has a reminiscent feel to it. When the Office of Fair Trading blocked Elders' bid for Scottish & Newcastle, it did so chiefly because it saw the whole brewing industry as uncompetitive. Never mind that the proposed combine would be of a size to challenge Bass: one Bass at a time was enough. Similarly, the reference has the perverse effect of protecting Ladbroke's dominance of betting. But the competition authorities would doubtless like to change the betting industry's structure too, as they are doing with brewing.



The case seems slightly thin. It is not as if increased competition would affect pricing; the odds are the odds, as determined by the weight of punters' money. The OFT is also concerned about the use of the big bookies' own funds to influence starting prices on the course. But rather than rigging prices against the punter, this could just be the mechanical adjustment of on-course odds in line with the off-course reality.

This is not to say that the situation is perfect. A £5bn market where three suppliers have a combined share of 60 per cent and rising, and which has suffered from collusion in the past, wants careful watching. But unless the Monopolies Commission turns up new hard evidence in the limited time available, it could end up merely ordering GrandMet to sell off some of its betting shops in London and the South East. And even with William Hill, betting will only make up 5 per cent or so of GrandMet's profits this year. For Ladbroke, UK betting is nearer a quarter of profits. But there is no sign – yet – that Ladbroke is under threat.

Tarmac

Tarmac may be the first to highlight its earnings record in the Thatcher decade, but the market continues to be the last to take it seriously. The company has topped the market average for earnings growth in eight of the past 10 years, with compound annual growth of 21 per cent. Yesterday it beat the analysts' best guess at its 1988 profits by 10 per cent, and said enough about 1989 to persuade some to add a further 10 per cent to this year's forecast. But once Tarmac's traditional credibility discount had been applied, that meant under 5 per cent on the share price. Relative to the market, Tarmac's shares have done next to nothing for four years; and its 25 per cent discount rating speaks volumes for the market's disbelief.

It is hard to see why disaster should strike this year rather than any of the 10 before it. True, housebuilding profits can scarcely hope to better last year's stunning performance. But with the stock on 8 times prospective earnings, it could be argued that a huge chunk of housing profits were in for free in any case. Housing this year may well prove uninspiring – and could turn out even worse if today's trade figures add further to the interest rate burden – but quarry products and the rest of the business should come into their own as Britain gets to work on its deeply deficient infrastructure. As Tarmac showed yesterday, new construction work in the UK has only just returned to 1978 levels; surely there is more to come.

Gold Fields

The outcome of Britain's biggest ever takeover battle is still set to be decided on one of the smallest ever margins. While the City experts were yesterday guessing that Minorco would scrape home, the 38p fall in Gold Fields' shares shows the market even less convinced than before. In the corner loyal to Gold Fields are the private investors and the big long-term institutions, while an equally strong force of medium-sized funds occupy the other. The whole thing has an unpleasantly arbitrary feel to it: the victor will be decided not according to the rights and wrongs of the bid, but by how a handful of waverers feel at lunch time today.

Laura Ashley

By now, City retailing analysts should have lost the capacity for surprise, but Laura Ashley's unlooked-for 12 per cent decline in profit was rather special. For a start, the problem appears to be not in retailing at all, but in manufacturing. Laura Ashley is making relatively good returns in the High Street, with sales growth better than almost anyone in the sector. While its company prefers to explain the drop in profits in terms of the falling dollar and the cost of starting Willis & Geiger, the deeper cause is the inefficient way in which its clothes are made. If not sorted out, this could become more worrying still: until now, profits have risen with rising sales, but as sales slow – and even Laura Ashley is unlikely to get any real underlying growth this year – a high cost structure could become a major liability.

Even if the company knew how long it will take to achieve the needed productivity gain, it cannot be relied upon to let its shareholders know in good time. Yesterday's 13 per cent fall in the shares showed the market to be pretty fed up with the company's communications effort; the fact that the finance director - now departed - recently hinted at much better figures scarcely inspires confidence. None of the above justifies the multiple of 13 for this year, and the scarcity of stock argument – always dragged out to explain the premium – is starting to look a little thin.

Japan

If the Tokyo market really feels that Recruit has the power to harm it, its jump of over 1 per cent on news of Mr Takeshita's resignation may be premature. The Budget can now be voted through, which is not immaterial given that the Government would otherwise be unable to pay its bills a month from now. But the scandal could yet claim Mr Nakasone, and the prospect of the 75-year old Mr Ito as caretaker Prime Minister scarcely suggests political stability either.

The alternative view is that Recruit has only contributed a political distraction to a market preoccupied with economics. The immediate question is whether Japanese interest rates follow German rates upwards with the next batch of inflation figures on Friday. If so, the rise at the start of the week could promptly be reversed.

East Bloc interest in high-definition TV worries US

By Peter Montagnon, World Trade Editor, in London

THE US has quietly warned Japan not to market key high-definition television (HDTV) technology in the East Bloc because of fears that it has potential military application.

The warning follows evidence of interest on the part of the Soviet Union in acquiring the technology after it was demonstrated in Moscow by NHK, the Japanese broadcasting authority which has been leading the development of HDTV.

Japan is the acknowledged leader in developing HDTV, although it is still some way from commercial exploitation. The US is lagging far behind. Japanese industrialists fear the US move could presage an eventual controversy within the Co-ordinating Committee on Multilateral Export Controls (CoCom), the international body which oversees strategic East-West trade, once a market for the product develops.

The US concern centres around high-resolution charge-couple device technology which is part of the focusing apparatus of HDTV. It argues this technology could have application for cameras used for military purposes.

Japanese businessmen believe the US is also anxious to limit Japan's commercial advantage from its technological lead. The thaw in East-West relations is opening up economic opportunities in the Soviet Bloc, they say.

Their fear is that as this process continues the US may seek to use CoCom increasingly to regulate competition in East-West trade rather than simply as a device for preventing strategically sensitive technology reaching the Eastern Bloc.

Japan is still smarting from the sanctions imposed by the US after a subsidiary of its Toshiba concern sold to the Soviet Union technology that could be used to manufacture ultra-quiet submarine propellers.

This has added to its sense of vulnerability to extra strict treatment in CoCom; it has also made it difficult for the Government in Tokyo to decide how far it should go in pushing its case on HDTV.

Concern over the possible reaction in the US was one reason why Matsushita recently decided to abandon plans for a joint venture with the Soviet Union to produce video-cassette recorders which would have involved the transfer of sensitive precision metal-forming technology.

Minorco race may be close

Continued from Page 1

owns 1.2 per cent, said his company would not accept.

At Commercial Union, which also holds 1.2 per cent, Mr Michael Evans, the investment manager, said: "We won't be accepting. Most of the shares are in long-term funds so we can take a long-term view."

Mr Ian Trotter, investment manager at Sun Alliance (0.64 per cent), commented: "We will remain loyal to the Gold Fields board. It is a far from irresistable offer."

Cracks found in airline engines

By Lynton McLain in London

CRACKS have been discovered in engines installed in Britain's most successful current airliner, the British Aerospace 146.

Operators in the US and UK have been told to make checks after Textron Lycoming, the US manufacturer of the aircraft's ALF 502 engines, found cracks in compressor discs.

Air Wisconsin, the first US customer for the four-engine turbofan airliner, which is used on short- to medium-range commuter and regional routes, was the first airline to be affected by the engine problem. It has changed engines on several of its aircraft.

British Aerospace has sold 156 BAe146 airliners since it was launched 11 years ago.

Half have gone to the US where its lack of noise has been an important selling point.

In the US the Federal Aviation Administration has issued a draft airworthiness directive calling for the compressors to be checked on all aircraft which have made more than 12,000 flights.

In the UK the Civil Aviation Authority issued a mandatory airworthiness directive, the toughest safety order from the CAA which airlines are required to obey.

The airlines affected are Air UK, which operates the biggest UK fleet of BAe 146s, with five aircraft.

Dan Air has four aircraft; Loganair and Manxair, subsidiaries of the Airlines of Britain, have one aircraft each and TNT, the Australian freight company, has four.

The engine is also used on the Canadair Challenger aircraft, but there are none on the British register.

Ito may succeed Takeshita

Continued from Page 1

cabinet meeting. He said he felt strongly responsible for causing people to lose confidence in government and politicians, and recognised that public disgust of politicians was a threat to democracy. He also acknowledged that he had underestimated the depth of public feeling over the affair.

He said he intended to stay in office until the budget was passed, probably late next month. He declined to make any public comment on the selection of his successor.

Opposition parties welcomed the Prime Minister's decision,

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	*	-	-	Dubrovnik	S	18	64	Malta	S	20	68	Rhodes	S	23	73
Algiers	C	20	68	Edinburgh	F	8	46	Manchester	F	7	45	Rio de J'o	C	28	83
Amsterdam	C	7	45	Faro	C	17	63	Manila	F	35	95	Rome	F	19	66
Athens	S	22	72	Florence	F	18	64	Melbourne	S	23	73	Salzburg	C	16	61
Bahrain	S	30	86	Frankfurt	F	16	61	Mexico City	F	27	81	San Francisco	C	9	48
Bangkok	F	37	99	Funchal	F	17	63	Miami	S	23	73	Seoul	S	19	66
Barcelona	C	17	63	Geneva	R	10	50	Milan	R	9	48	Singapore	T	27	81
Beirut	-	-	-	Gibraltar	R	15	59	Montreal	S	3	37	Stockholm	C	5	41
Belfast	F	4	39	Glasgow	F	8	46	Moscow	C	13	55	Strasbourg	C	16	61
Belgrade	F	16	61	Guernsey	F	6	43	Munich	C	14	57	Sydney	R	19	66
Berlin	S	20	68	Helsinki	F	9	48	Nairobi	C	24	75	Taipei	F	23	73
Biarritz	R	15	59	H. Kong	C	22	72	Naples	S	23	73	Tangier	C	14	57
Bombay	S	31	88	Innsbruck	C	13	55	Nassau	F	28	82	Tel Aviv	S	24	75
Bordeaux	C	14	57	Inverness	R	4	39	New Delhi	S	31	88	Tenerife	F	20	68
Brussels	R	7	45	Islamabad	C	33	91	New York	C	11	52	Tokyo	S	17	63
Budapest	S	16	61	Istanbul	S	18	66	Nice	C	15	59	Toronto	R	7	45
B. Aires	C	23	73	Jakarta	C	33	91	Nicosia	S	25	77	Tunis	S	24	75
Cairo	S	33	91	Jersey	F	8	46	Oporto	C	12	54	Valencia	C	16	61
Cape Town	S	18	64	Jo'burg	F	20	68	Oslo	Sl	3	37	Venice	R	12	54
Caracas	C	28	82	Lima	F	24	75	Paris	R	6	43	Vienna	F	15	59
Casablanca	C	17	63	Lisbon	C	15	59	Peking	S	26	79	Warsaw	S	16	61
Chicago	C	15	59	London	F	7	45	Prague	S	16	61	Washington	S	12	54
Cologne	C	13	55	Los Angeles	F	10	50	Reykjavik	S	0	32	Zurich	C	14	57
Copenhagen	S	12	54	Luxembourg	R	11	52								
Corfu	S	22	72	Madrid	C	12	54								
Dallas	C	20	68	Majorca	C	18	64								
Dublin	C	8	46	Malaga	R	15	59								

Readings at mid-day yesterday

C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

US set to broaden Soviet policy

Continued from Page 1

sis will be on economic restructuring, involving a larger role for both domestic and foreign private sector enterprises, and on encouraging political pluralism. This will involve relatively little US spending, a recognition of domestic budgetary constraints.

Senior Administration officials have explicitly rejected any suggestion of "a second Yalta" dividing Europe into Western and Soviet spheres of influence.

The other main strand of the emerging approach will be a desire to challenge Mr Gorbachev to help deal with regional conflicts. This is partly to avoid criticism that the US is being solely reactive. In particular, the US is looking for a positive Soviet response to the recent agreement between the Administration and Congress ending military aid to the Nicaraguan Contra rebels.

Similarly, in the Middle East, the US is prepared to accept Soviet involvement, but only in a positive way by, for example, influencing Syrian behaviour and ending support for terrorism.

President Bush's advisers also see scope for US-Soviet co-operation in the Horn of Africa, Namibia, and over stopping ballistic missile proliferation.

The generally cautious approach to arms control talks has been reflected in the postponement of choices between alternative strategic missile systems, with partial funding continuing for all the main options.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 26 1989

INSIDE

Oil companies feel the pinch

Mobil, the second largest US-based oil company, reported a 22 per cent decline in net earnings for the first quarter of this year, which it attributed to a narrowing of refining and marketing margins. Fellow US oil group Texaco announced net income of $1.46bn in the quarter, after including a restructuring gain of $1.19bn. Anatole Kaletsky reports. Page 28

Portugal gets time to put its banking house in order

Frail and over-centralised, Portugal's state banks are in no position to take on foreign rivals come the single European market of 1992. Brussels has therefore given these undercapitalised and overstaffed institutions three extra years after 1992 to arm themselves for combat. Diana Smith explains why they have been made exempt from the market's full freedom of capital flows and financial services until 1995. Page 27

Pioneering an awkward year

Des Quirk is an unhappy man. At the end of his first 12 months as managing director, the Australian-based international building products and resources group Pioneer International is heading for its first profits fall in 30 years. What is more, Mr Quirk is facing awkward questions about the group's difficulties and strategic direction. But worst of all, Pioneer — in recent years having fended off assaults by Mr Robert Holmes à Court and the late Mr Larry Adler — is again being seen as a takeover target. Chris Sherwell reports. Page 25

Luck runs against the grain

Luck hardly comes any rougher. Hard hit Kansas farmers are looking at just a 25 to 40 per cent wheat yield this year after a dry autumn hit germination levels and a mild January started the plants growing too early, only for a sudden storm to nip tender young shoots. Those that survived have had to contend with an unusually dry and hot spring and temperatures nudging 100 degrees Fahrenheit in the past week. All this has left the most important US wheat producing state praying for rain within the next week or 10 days. Page 40

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Bayer Vereins	462	+	8
Cont. Gummi	284.5	+	3.5
Henkel	527.5	+	11.5
Hypobank	492	+	7
Falls			
D Babcock	198	−	7.5
Linde	724	−	8

NEW YORK ($)			
Rises			
Beck South	15¼	+	3
NCNB	37⅛	+	2
XTRA Corp	40	+	1½
Falls			
Citizens Sthn	43½	−	4½
Cray Research	51⅞	−	1½
Ferro	47½	−	1½

New York prices at 12.30.

PARIS (FFr) / TOKYO (Yen) / LONDON (Pence)			
[illegible]	[illegible]	[illegible]	[illegible]

MoD leads talks to clear Plessey bid

By David White and Hugo Dixon in London

THE UK Ministry of Defence is carrying out the bulk of the final negotiations with General Electric Company of the UK and Siemens of West Germany to complete the clearance for a renewed bid for Plessey.

Officials expect the takeover to be blocked if satisfactory undertakings are not obtained on national security concerns and on preserving competition in a key avionics project.

The conditions would prevent Siemens placing non-UK nationals in some top positions in defence companies.

National security concerns are also believed to include worries about the Plessey Ptarmigan communication system, which is crucial to the operation of the British Army of the Rhine and which incorporates top-secret encryption devices.

As part of Plessey's military communications business, supply of Ptarmigan equipment would come under Siemens management in the proposed takeover structure.

The Monopolies and Mergers Commission gave provisional approval on Friday for a renewal of the bid, which had lapsed when it was referred to the commission. The approval was subject to three major conditions, two of which are being negotiated with GEC and Siemens by the MoD.

Officials said that the MoD did not give its evidence to the commission lightly and would insist that its requirements were met.

Ministry officials and lawyers have until the end of next month to draft and agree terms that the MoD considers satisfactory and to present them to Lord Young, UK Trade and Industry Secretary.

The Office of Fair Trading will have responsibility for negotiating only one undertaking: that GEC should not acquire any interest, influence or control over Plessey's radar, defence communications and traffic control businesses, which would come under Siemens.

The main discussion is expected to centre on what constitutes these businesses and how interest, influence and control should be defined. Narrow definitions would favour GEC, but broad ones could reduce the attractions of proceeding with a bid.

The MoD is responsible for the remaining competition objection that the Monopolies Commission said had not been resolved by the restructuring of the original GEC/Siemens bid plan.

This involves UK contracts for the joint tactical information distribution system, designed to provide a secure voice and data link between ground and sea forces and aircraft in the battlefield.

Plessey is involved in US development of this system through the former Electronics Systems Division of Singer, now a Plessey subsidiary. GEC, which was chosen as the UK prime contractor in order to ensure competition for production contracts worth up to £400m, plans to take 75 per cent of this company along with all of Plessey's UK avionics interests.

The MoD wants to ensure that technology is made available to competitors.

Officials made clear, however, that the ministry had no brief to pursue other competition concerns it had raised in discussions with the commission.

These included torpedoes, in which Plessey was due to compete with GEC-Marconi for a £500m production contract for the heavyweight Spearfish. The commission said the MoD had enough muscle to impose competition, at least at sub-contractor level.

Unbending nature of France's Mr Steel

George Graham on the merger between Usinor-Sacilor and West Germany's Saarstahl

IT LOOKED as if a marriage between two of Europe's lamest ducks was in the offing three years ago when Sacilor, the French state-owned steel producer, discussed a merger with Saarstahl, the ailing West German company.

But Sacilor eventually tied the knot with a partner closer to home – in late 1986 it combined with Usinor, its French rival, to create Europe's largest steelmaker.

The merger forged a new era of optimism in the French steel industry, and last year Usinor-Sacilor reported net profits of FFr4.5bn ($720m) – the first time for 14 years that the industry has been in the black.

It was with the confidence born of that financial turnround that Mr Francis Mer, chairman of the new French group, signed an agreement last week for Usinor-Sacilor to take control of Saarstahl.

Naturally cautious, 49-year-old Mr Mer reflects wryly on the 180-degree turn in the steel market – even Saarstahl managed to make a profit of about DM1m ($540,000) in 1988. "Today there is no longer any overcapacity in the steel industry. It's rather amusing, isn't it?" he remarks. Yet Mr Mer is already planning for the next steel industry crisis. Repeatedly over the last year he has warned that demand for steel will, inevitably, start to wane again, and he is even ready to call for the reimposition of the production quotas by the European Commission.

"When you are facing a crisis, there are only three solutions," he says. "The American solution is typically capitalist: the owner pays. The Japanese system is typically Japanese: the customer pays. And the European is typically European: the state pays. We are now trying to reach something between the American solution and the Japanese solution."

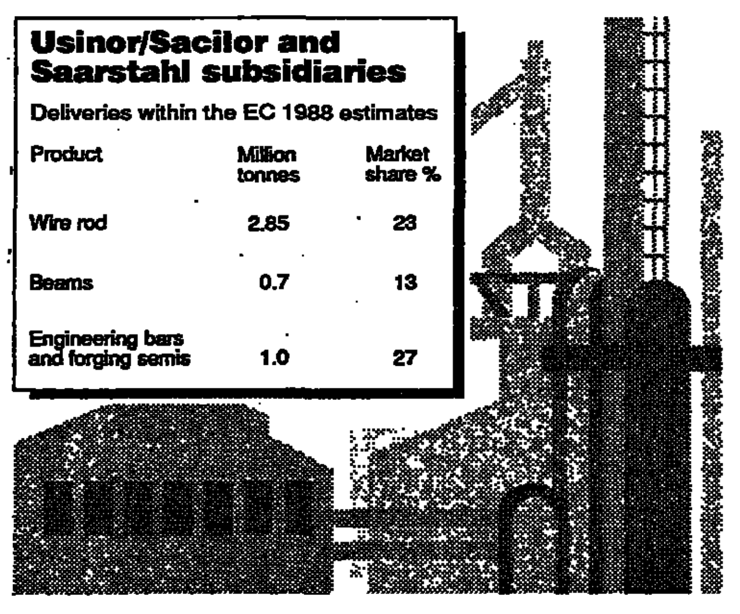
The Saarstahl operation may be one of the largest Usinor-Sacilor has undertaken since its return to health, but it is not the only one. The group has already woven a web of cross-border alliances, pooling its merchant bar and electrical sheet operations with Cockerill-Sambre of Belgium, its sheet piling and rail production with Arbed of Luxembourg and its reinforcing bar activities with the Italian private sector producer Riva.

In the US, Mr Mer notes, similar alliances are taking place at the rate of nearly one a week; some intra-American, but mostly between Americans and Japanese, South Koreans or Taiwanese. In Europe, both the West German and the Italian steel industries now appear to be on the point of a substantial reshuffle.

Juridically, the deal that Mr Mer signed last week with Mr Oskar Lafontaine, Prime Minister of the Saarland, which is on West Germany's border with France, brings Saarstahl together under a common holding company with Forges et Aciéries de Dilling, Usinor-Sacilor's subsidiary in the Saarland.

Usinor-Sacilor will have 70 per cent of the holding company, to be named Dillinger Hütte Saarstahl, with the Saarland Government holding most of the rest, and Arbed, which abandoned Saarstahl to the Government for a symbolic DM1 in 1986, retaining a token stake of 1-3 per cent.

The deal will involve Usinor-Sacilor taking over the minority stake held in Dilling by Marine-Wendel, once the great family holding company of French steel, and the Saarland will make a large, though as yet undisclosed, cash injection, which is expected to halve Saarstahl's debt burden of DM2.5bn-DM3bn.



Usinor/Sacilor and Saarstahl subsidiaries

Deliveries within the EC 1988 estimates

Product	Million tonnes	Market share %
Wire rod	2.85	23
Beams	0.7	13
Engineering bars and forging semis	1.0	27

In industrial terms, however, Saarstahl is not teaming up with Dilling. It already co-operates extensively upstream with Dilling, in coke and pig iron production, but its bar, road and beam range is far removed from Dilling's plate and sheet products.

The real alliance is with Usinor-Sacilor's long product subsidiaries: Unimétal, in the carbon steel sector, and Ascométal in special steels. With Saarstahl, they will have nearly a quarter of the EC wire rod market and a bigger proportion of the engineering bar market. The grouping will be particularly strong in areas such as steel cord for tyres and bearing steels.

For these divisions, however, the return from crisis has been less easy than for the flat products sector, where booming demand for steel sheet from the car and white goods industries has kept mills rolling at full capacity and prices rising.

Unimétal and Ascométal both improved their results substantially last year, though they still returned a combined loss of nearly FFr200m, and they are now back into the black, as wire rod prices regain the levels they reached at the end of 1985 and in early 1986.

Yet the alliance of these two divisions with Saarstahl appears essentially defensive, and the shareholders' pact between Usinor-Sacilor and the Saarland provides expressly for an even sharing of the cuts in the event of a sharp downturn in demand.

All the same, Mr Mer puts a confident face on things. "At the moment Saarstahl makes money, and I believe that tomorrow it can make more than it does today.

"There are no special cases, no rules saying that flat products are profitable and long products are not. It is all a question of how they are managed."

Management means, in the first place, job cuts. Mr Mer claims that only half of Usinor-Sacilor's productivity gains in the last three years have come from labour reductions, yet in that time he has cut the group's workforce by a third, to 67,000 at the end of last year, and he plans a further 6,000 job cuts this year – three-quarters of them through early retirement.

Even so, Mr Mer, whose brief in 1986 was to bring together the two French companies and return them to profit, with a view to an eventual privatisation, appears sensitive to the image of being a job-cutter.

Saarstahl, meanwhile, has already slashed its own workforce by 70 per cent over the last 10 years to 8,500, yet it is unlikely that Mr Mer will be satisfied.

He is as demanding with his customers as he is with his workforce. For example, the group's decision last year to insist on payment within 60 days of delivery led to protests from many small steel processors.

"We simply wanted to separate the question of payment delays from our price negotiations. They are two different subjects, and it was an error to mix the two in the past," Mr Mer explains, adding that Usinor-Sacilor would itself also pay at 60 days.

For the future, this management policy means not giving too much away to the customer.

"The problem of any industrialist is not to sell your productivity before you have achieved it."

Stena deal ruled out by Sea Containers

By Kevin Brown

SEA CONTAINERS, the Bermuda-based owner of the Sealink UK ferries business, yesterday ruled out co-operation with Stena, the Swedish shipping group, which holds 8.23 per cent of its shares.

Stena has said it wants to run a joint ferry operation with Sealink on the English Channel routes, which will face competition from a railway tunnel from 1993. Mr Dan Sten Olsson, chief executive of Stena, has also indicated he might consider a full bid for Sea Containers.

Both companies have initiated court actions in the US, where most Sea Containers shares are traded. Each claims the other has breached US securities regulations.

Mr James Sherwood, Sea Containers president, said that talks in London with Mr Olsson had been fruitless. "I expected him to make a proposal in relation to our ferries but he did not make any such proposal.

"I asked him specifically whether he had an interest in our ferries business and he did not respond."

Mr Sherwood said it would be "very difficult for us to work together with Stena now in view of the hostile attitude they have adopted.

"In this business, if you want to establish a joint operation, you do not buy shares secretly and then make aggressive declarations to the [US] Securities and Exchange Commission."

Mr Sherwood said he had no idea what Mr Olsson's intentions were, but a hostile takeover bid from Stena would be unsuccessful.

"I am confident that Stena could not acquire the company at less than a fair value," he said.

Sea Containers shares have moved up from $35 to around $42 on the New York Stock Exchange in recent weeks, but analysts have suggested that Stena would probably have to pay in excess of $70 a share to mount a successful bid. Sea Containers recently reported net earnings of $85m for 1988, up from $49m.

Subsidiaries of Sea Containers control 26 per cent of the company's voting shares, while Mr Sherwood owns just over 7 per cent, and other directors have 2 per cent.

Mr Sherwood said he was also confident of the support of Invesco, an Atlanta-based investment company, which holds 9 per cent of the shares. The balance is held by around 40 US and UK financial institutions, together with some private investors.

US motor groups to cut output

By Anatole Kaletsky in New York

THE BIG THREE US-based motor manufacturers are cutting their planned car output in response to disappointing sales figures and intensifying competition from Japanese-owned facilities in America.

While the planned production cuts are modest, they constitute the clearest admission to date that conditions in the US car market this year are proving more difficult than had been forecast even a few months ago.

General Motors has cut its second quarter production plan by about 3 per cent or 29,000 vehicles and is scheduling cuts of another 30,000 units in July and August, according to industry officials. As a result of the cuts GM's second quarter output will be about 6 per cent below the level last year.

Ford is trimming about 2 per cent off its second quarter production plans, although it will still be building about 4 per cent more cars this year than last. Chrysler has already said it would build about 17 per cent fewer domestic cars this year than in the second quarter of 1988.

The cuts are due in part to increasing "transplant" production from Japanese-owned factories. Transplant production in the second and third quarters will be 580,000 vehicles compared with 410,000, a year earlier, Ward's Automotive, an industry consultancy, reported this week. As a result, total US production in the two quarters should be virtually unchanged at 3.526m vehicles against 3.527m the year before.

In large measure, however, the US manufacturers are responding to weaker than expected sales. Domestic car sales are running about 8 per cent below their year earlier levels and the Big Three's stocks of unsold cars now stands at around 80 days' supply, well above the industry's target of 60 to 65 day inventories. Importers' inventories also stood at an uncomfortable 80 days' supply at the end of March.

Response to the latest round of price cuts and financing incentives, which began at the end of March, has also been disappointing. While American-built car and truck sales jumped 28 per cent on an annual basis in the first ten days of April, the comparable period a year earlier was unusually weak.

Preliminary sales figures for the mid-April period, released yesterday, also revealed a disappointing performance, with the Big Three's combined sales virtually unchanged from the year-earlier period.

Tarmac mulls French purchase

By Andrew Taylor in London

TARMAC, Britain's biggest housebuilder and one of Europe's largest construction and building materials groups, yesterday announced a 48 per cent rise in 1988 pre-tax profits and said it was considering acquiring its first quarries in France.

Pre-tax profits rose by £127.7m ($217m) last year to £393.1m, £20m higher than had been expected. Tarmac's share price rose 13p to 304p on the London Stock Exchange yesterday.

In making a French acquisition Tarmac would be following Steetley, another British group, which is France's biggest aggregates producer with about 7 per cent of the market. RMC, another British building materials concern, is the largest wholly-owned concrete producer in France.

Mr Bryan Baker, managing director, said that Tarmac intended to produce an integrated aggregates and concrete and coated products business in France.

It had identified several possible candidates for a French acquisition likely to be concluded before the end of the year.

The British group, in proportion to its size, has very few businesses on the Continent. It is much more heavily involved in the US where it has a large aggregates and concrete business producing sales of more than £300m last year.

Yesterday's figures from Tarmac were the latest in the recent series of very good 1988 results announced by British construction groups and building material concerns.

In the past fortnight Taylor Woodrow, Costain, RMC and Blue Circle have announced profit increases of between 30 and 40 per cent. A big factor in last year's growth was an exceptionally strong British housebuilding market in the first nine months of the year.

Tarmac's UK housing profits more than doubled last year to £209m. The number of homes completed by the group increased from 11,236 to 12,165 as sales rose from £558m to £786.4m.

Sir Eric Pountain, group chairman, said the British housing market had become more difficult since the autumn. The group expected to complete more houses this year, although it was unlikely to reach its original target of 13,000 homes for 1989.

Tarmac's house sales in the first three months of this year were slightly lower than during the first quarter of 1988. Profits, however, were higher due to the delayed effect of increased house prices last year.

Details, Page 29; Lex, Page 22

Laura Ashley shares slide by 13% after profits fall

By Vanessa Houlder

SHARES IN Laura Ashley yesterday fell 13 per cent from 112p to 97p after the UK clothes and furnishings retailer announced a 12 per cent fall in pre-tax profits.

Pre-tax profits for the year to January 28 fell from £23.08m to £20.26m ($34.5m).

The decline was blamed on a £1m start-up loss at Willis & Geiger, the US outdoor clothes outfitter, a sharp rise in interest costs, and the strength of sterling.

This cost the company £3m through slashed margins in the US and a further £750,000 on translation of US earnings.

Turnover increased by 25 per cent from £201.48m to £252.43m, following sales growth in all its markets.

In the UK, sales increased by 32 per cent to £125.28m, a like-for-like growth of 8 per cent. Both garments and furnishings performed strongly, although a shortage of tourists affected shops in central London.

Mr John James, chief executive, said the business was attempting to raise margins by improving its cost structure. It believed it could cut its manufacturing costs by about £2m by changes to its quality control systems.

In North America, there was like-for-like sales growth of 12 per cent. Mr James said that in spite of the exchange rate problems, the company had adopted an expansionist policy in the US, which it saw as its biggest potential market.

The company plans to open 68 new shops this year. These will be spread across all areas of the business with a particular emphasis on the Homebase business in the UK and the Mother & Child shops in the US.

Gearing stood at 57.6 per cent at the year end. Interest charges rose from £2.36m to £4.96m.

Earnings per share fell from 7.30p to 6.57p. An unchanged final dividend of 1.5p per share was recommended.

Lex, Page 22

Strong demand boosts Skanska

By Sara Webb in Stockholm

SKANSKA, SWEDEN'S largest construction company, increased its profits (before allocations and taxes) by 10 per cent to SKr1.8bn ($284m) in 1988.

The group said the improvement was due to the favourable conditions in the construction and real estate business, and was boosted by gains from the sale of certain shareholdings. The board proposed raising the dividend from SKr3.5 to SKr4.25 per share.

Conditions in the construction and real estate sector are expected to remain good, the group added, forecasting a further rise in profits for 1989.

Skanska expects profits (after extraordinary items) to jump from the 1988 figure of SKr1.87bn to at least SKr2.57bn in 1989, helped by a SKr770m gain on selling its shareholding in the investment company Opus.

Group turnover increased by 18 per cent to SKr23.09bn last year while order intake rose by 30 per cent.

Profits from the contracting business jumped by 56 per cent to SKr820m in 1988 on turnover of SKr18.6bn. Despite government restrictions on new building projects, which is intended to keep the boom in office construction under tighter control and divert resources towards the less profitable residential sector, Skanska said it had not faced any difficulties in winning new contracts.

However, it added that the shortage of labour and building materials posed very real limitations to further increasing profits and turnover.

Profits from Skanska's property management business increased by 6 per cent to SKr404m on turnover of SKr1.8bn. Profits from property sales dropped from SKr374m to SKr122m last year.

Norway's savings banks stage recovery

By Karen Fossli in Oslo

NORWAY'S TOP 16 savings banks bounced back into the black during this year's first quarter, after sliding into loss for the whole of 1988.

They nearly doubled combined pre-tax profits to NKr823m ($121.9m) for the three months compared to NKr442m in the same 1988 period, according to figures released by the Norwegian Savings Banks Association.

The association attributes the recovery to improved interest rate margins, extraordinary earnings from the sales of bonds and equities and costs reductions resulting from staff cuts and closures. Net interest earnings reached NKr1.55bn, or 3.98 per cent of total assets, compared with NKr1.35bn, or 3.76 per cent of total assets last year.

Extraordinary income, including sales of bonds and equities, during the first quarter rose to NKr442m from NKr252m. Operating costs rose to NKr1.17bn, or 3 per cent of total assets compared with NKr1.16bn, or 3.23 per cent of total assets. Personnel costs account for some 48 per cent of total operating costs.

Staff cuts of 2 to 3 per cent were made last year and further staff reductions of 4 per cent are forecast for 1989.

The association also forecast that losses on loans and guarantees for 1989 as a whole would decline to NKr2.5bn from the NKr3.3bn run-up in 1987.

After losses, the 16 banks are expected to achieve a combined 1989 operating profit of NKr1.9bn. In 1988 there was an operating loss of NKr300m.

Icopal buys Elf building division for DKr700m

By Hilary Barnes in Copenhagen

ICOPAL, A Danish construction and building materials group, is to acquire Siplast, a building materials unit of the French state-owned Elf Aquitaine oil and industrial company.

The takeover will cost Icopal around DKr700m ($97m) and is a large investment abroad by Danish standards.

The Icopal companies are owned by Jens Villadsens Fabrikker, which is listed on the Copenhagen stock exchange. The exchange has been notified that a deal is on its way between the companies.

The Villadsen companies, with a turnover in 1988 of DKr2.8bn and pre-tax profits of DKr187m, operate mainly in the Nordic countries and West Germany.

The group specialises in three production sectors: roofing, insulation, facades and other building materials; asphalt for roads; and plastic pipes and film, mainly for the construction industry.

Siplast is a leading supplier of water-tight construction materials to the French building industry.

It has a turnover of about FFr700m ($111m). It has subsidiaries in the US, Canada and West Germany.

Generale de Banque expects rise in earnings

By Our Financial Staff

GENERALE DE Banque, Belgium's largest commercial bank, expects earnings this year to show an increase despite the upward march of interest rates.

Speaking at the annual metting Mr Jacques Groothaert, president, said the projections indicated that both the group and non-consolidated net profit should increase.

The bank made a group net profit of BFr7.4bn ($189.7m) in 1988, up 16 per cent from 1987.

Ciba-Geigy first quarter points to strong year

By Our Financial Staff

CIBA-GEIGY, the Swiss chemicals and pharmaceuticals group, expects increased profits for 1989 following strong sales growth for the first quarter of the year.

First quarter turnover rose 22 per cent to SFr5.3bn ($3.2bn) and Mr Alex Krauer, Ciba's chairman, yesterday attributed the robust performance to favourable currency factors.

He said the opening three months were a good omen for the rest of the year. For the rest of the year Mr Krauer expected the strong dollar and the recovery in the US farming sector to continue to underpin Ciba's progress.

For 1988 Ciba's net profits rose by a fifth to SFr1.32bn following a 12 per cent increase in sales to SFr17.7bn. The dividend is going up from SFr38 a share to SFr50.

Looking ahead, Mr Kraner said the Ciba would adopt a "flexible policy" on dividends. He said the board's aim was to keep the payout ratio as a percentage of group net profit above 20 per cent.

Just how much above 20 per cent the board would be prepared to go, Mr Krauer would not say. However, he stressed that 40 per cent would be too high.

Alex Krauer: 'No interest in changing Ciba's structure'

Ciba's total investment in fixed assets in 1989 were estimated at between SFr1.8bn and SFr2bn. This pattern of investment is expected to continue over the next two years. Ciba has cash assets of around SFr5bn.

Spending on research and development was expected to level off, however, over the next few years.

R&D spending in 1988 totalled 8.3 per cent of sales, up from 7.9 per cent in 1987.

Ciba expects to launch several important new drugs this year. One was an asthma treatment called Foradil, and the other, Lotensil, was a blood pressure medication.

A third product, Aredia, has potential in the treatment of bone cancer, Ciba said.

Commenting on Monday's announcement by rival Swiss drugs group Hoffmann La Roche of an important capital restructuring, Mr Krauer said Ciba had no plans to alter its legal structure or form a holding company.

Since profits from operational businesses account for 85 per cent of total earnings, Ciba had no need to adopt a holding company structure.

"At the moment we have no interest in changing our legal structure," he said.

SMH hit by low trading volume in equity markets

By Haig Simonian in Frankfurt

PARTIAL operating earnings at Schröder, Münchmeyer, Hengst (SMH), the West German bank which is majority-owned by Lloyds Bank of the UK, fell by 22 per cent last year, chiefly as a result of lower trading volume on the German equity markets.

Precise profits figures for SMH are not revealed. However, the bank, which has recently altered its structure to reflect more closely that of a German private bank, with a 5 per cent equity stake for its five partners, said its results were satisfactory.

It is in the middle of substantial restructuring, designed to broaden SMH's functions from institutional equity sales into a range of "more intelligent" investment banking products, according to Mr Jochen Neynaber, its co-chairman.

Low trading volumes and harsher competition in German equities meant earnings in the institutional broking business were some 25 per cent down, while overall fee income fell by just over 10 per cent last year, said Mr Neynaber.

SMH is making a further push into research and fund management activities as well as development of its embryonic mergers and acquisitions business. The bank, which has just under DM3bn under management, said it now ran special funds for more than 20 German insurance companies.

Corporate banking activities showed some improvement in profitability, according to SMH, although margins remained unsatisfactory. However, results in the first quarter of this year were up on the same period in 1988.

L'Oreal net profits advance to FFr1.32bn

By George Graham in Paris

L'OREAL, THE leading French cosmetics group, has reported net profits FFr1.32bn ($209.5m) for 1988, up from FFr1.09bn in 1987. The group said operating profits rose 23 per cent to FFr2.5bn with group sales rising 22 per cent to FFr24. 2bn.

L'Oreal, which is half owned by Nestlé the Swiss foods group, claims to be the world's largest cosmetics company, well ahead of Shiseido of Japan or Avon of the US.

Sales in the hairdressing and general division rose 22 per cent to FFr11. 8bn. The division includes brands such as Elseve and Studio Line.

Perfume and beauty products including the Lancôme and Cacharel ranges, increased sales to FFr8.3bn from FFr7bn in 1987.

Aegon plans to launch 10-for-106 rights issue

By Our Financial Staff

AEGON, the second largest Dutch insurance group after Nationale-Nederlanden, yesterday sweetened the announcement of a rights issue by forecasting higher profits for 1989.

The share issue is to be a 10-for-106 at a price to be set on May 3, roughly two weeks before Aegon is due to unveil its results for the first quarter of 1989.

These are expected to show steady progress. Aegon said yesterday that net profits for 1989 as a whole were likely to rise in line with the 15 per cent growth achieved in 1988.

Last year Aegon turned in net profits of Fl 389m ($185m) and increased its dividend to Fl 4.70 a share from Fl 3.75. Life premiums last year rose 18 per cent, whole non-life revenues increased by 14 per cent.

Aegon also said that due to legal requirements, holders of Aegon stock listed in New York and Tokyo will get a cash sum for their rights. It plans to seek shareholders approval for an issue convertible preference stock.

Aegon described the stock as, "preference shares with special dividend rights which will be convertible into ordinary stock after some time."

"These convertible shares with normal voting rights are targetted at the needs of certain categories of investors," it noted.

The company said the Aegon Foundation, which has majority voting power, plans to raise its holding of ordinary shares to a maximum of 42 per cent from the current 39 per cent.

The rights issue is aimed at financing autonomous growth, according to Mr Jaap Peters, the chairman. "Our first priority is to strengthen our own organisation," he said.

● The Dutch government officially announced yesterday that a further one-third of DSM, the chemicals group, would be sold to the public in September.

As previously reported, Amro Bank will lead the international underwriting syndicate for the issue, which could raise around Fl 4bn.

INTERNATIONAL COMPANIES AND FINANCE

The Giant cloud that hangs over Pioneer

Chris Sherwell looks at the troubles which are holding back the Australian group

Ask Mr Des Quirk about the disappointments of his first year as managing director of Pioneer International, and he freely admits them. The Australian-based building products and resources group is heading for its first profits fall in 30 years, and there's no joy in that.

He is also having to field awkward questions of responsibility – for the group's current difficulties, and for its strategic direction. Sir Tristan Antico, the group's founder, stepped down as chief executive last April, but clearly still enjoys presiding over the group as chairman.

Worst of all, Pioneer is again being mooted as a potential takeover target. In the heady days before the 1987 stock market crash, Sir Tristan successfully fended off assaults from Mr Robert Holmes à Court and the late Mr Larry Adler. But peace is not at hand.

Pioneer International – formerly Pioneer Concrete Services – is under scrutiny for good reason. The group's shares, at A$2.35, have been trading dangerously near their 12-month low of A$2.28, and stand a long way beneath their post-crash high of A$3.55. Analysts are asking questions about diversified conglomerates generally, and Pioneer's performance in particular.

Last month the group announced a 10 per cent drop in equity-accounted profit for the six months to December, and called off the last major element of a restructuring programme under which its building products, oil and mining divisions were to be separately defined.

This step would have seen Pioneer's uranium, gold and mineral sands operations sold for between A$200m (US$159m) and A$300m to Giant Resources, in which Pioneer had picked up a 42 per cent stake following the stock market crash. Giant already has base metals and gold interests in Australia and Canada, and was to become Pioneer's minerals arm.

In an earlier part of the restructuring, Pioneer received some A$225m last year from the sale of its oil production and exploration interests, including some attractive Papua New Guinea assets, to Ampol Exploration, which is 49 per cent-owned by Ampol Ltd. Ampol previously became Pioneer's wholly-owned oil refining and marketing subsidiary after the minorities were bought out.

Analysts agree that Pioneer's current problems stem neither from its oil operations nor from its traditional building materials business, but from its minerals activities.

One difficulty is the refusal of the federal Government, under its contradictory uranium policy, to lower the high floor price at which it will sanction sales abroad. This has prevented sales of stockpiled ore from Pioneer's exhausted Nabarlek-1 mine, and has contributed to the recent profit fall through a A$40m reduction in profits before tax from its uranium operations.

Another difficulty springs from Pioneer's original A$300m purchase of shares and options in Giant. At A$2.20 each, the shares were below their 1987 peak of around A$4.10. But today they stand at a mere 43 cents.

A big legal problem also surrounds the options, which were exercisable at A$2.50 until last December. Stockbroker Jarden Morgan is disputing its underwriting obligations, saying that the terms of the agreement have been breached.

The options dispute, and the disagreements over how much Giant could and should pay for Pioneer's mining operations, cast a shadow over the minerals restructuring. But the main problem was Giant itself.

Results at its Canadian and Australian gold operations were poor, a gold tailings project was delayed, and it wrote off a book loss on the sale of a coal investment. In the six months to December it reported a A$17m loss.

Last September Pioneer wrote down the value of its Giant investment by A$143m, and it may have to take another hit this year. Analysts say that the group should also take a writedown on its Pioneer Minerals arm (formerly Noranda Pacific), which was not part of the restructuring.

So it seems self-evident that Pioneer, under Sir Tristan, paid too much for its stake in Giant. But Mr Quirk sees recent events as no more than a setback, and is certainly not giving up on Giant. Rather, he points to a shiny silver lining in the stormy issue – its 46 per cent share of Curragh Resources, a large low-cost Canadian zinc and lead mine, which has been a boon because of soaring zinc prices.

In the wider Pioneer firmament, Ampol is another bright star. Even the international oil majors respect its achievements in competing with them in the difficult refining and volatile retail markets. On the exploration and production side, output has increased sharply and will rise further thanks to drilling successes off the shore of Australia and in Papua New Guinea.

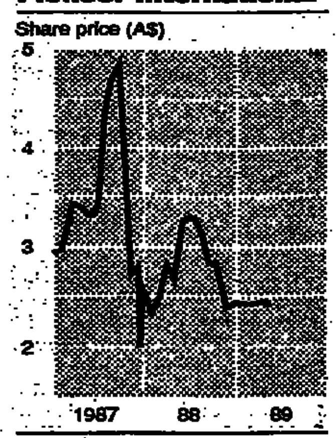
The building materials division, meanwhile, remains Pioneer's strongest cornerstone, contributing around 45 per cent of net profits. Of this about one third comes from abroad – countries such as the US, the UK, Spain and Israel – and while the strength of the Australian dollar has not helped earnings, the diversity makes sense.

Domestically Pioneer, with its dominance of the pre-mixed concrete market, has ridden the crest of the past two years' building boom happily. But there is some doubt whether it has done as well as its major competitors, CSR and Boral. And its new link with Lafarge of France to tackle the plasterboard market has provoked scepticism about the chances of success.

Although Mr Quirk expects an economic downturn ahead, he says that his order books indicate no early fall in activity. He also foresees long-term buoyancy in construction, because of the constant influx of immigrants to Australia and the need to develop the country's tourist industry.

As for his own position, it is clear that he has changed the group's style and some of its top management, but it is far-fetched to suggest there has been a major change in philosophy or strategy. He has been with Pioneer for more than 30 years, and was long groomed by Sir Tristan as his successor.

Nevertheless, an outsider would be forgiven for thinking that he inherited some tricky problems that were only partly of his making. The minerals operations are now dragging the company down instead of boosting it, and Mr Quirk must reverse this trend before it jeopardises the oil and building materials businesses. Otherwise his own counter-takeover talents will be put to the test.



Managing director Des Quirk (right) could see Pioneer become a takeover target as the share price nudges the lowest of the year. The big problem is its minerals arm, sale of which to metals business Giant Resources has been suspended

Shell sells stake in Malaysia unit to state agencies

SHELL OVERSEAS Holdings, part of Royal Dutch/Shell, has sold 30 per cent of Shell Timur, a Malaysian unit, to three state agencies, Reuter reports from Kuala Lumpur.

The new partners are Innoprise, the Sarawak Economic Development Corporation and the Bintulu Development Authority, which hold 15 per cent, 10 per cent and 5 per cent stakes respectively, Shell Overseas said.

Shell Timur, which had been wholly owned, markets Shell's products in East Malaysia. With a share capital of 180m ringgit (US$67.3m), it operates 11 oil depots, seven aviation fuel depots, three liquefied petroleum gas filling stations and more than 100 petrol stations in the East Malaysian states of Sabah and Sarawak.

Six of the 10 Shell companies operating in Malaysia have local partners. Shell Refining, which is 70 per cent owned by Shell Overseas Holdings, is the only locally listed unit.

Singapore Press Holdings lifts group profits 7.5%

SINGAPORE PRESS Holdings (SPH), a publishing and printing concern that has a monopoly on newspaper publishing in the republic, lifted group operating profit 7.5 per cent to S$55.1m (US$28.4m) in the six months to February, AP-DJ reports from Singapore.

Revenues in the period rose 16.6 per cent to S$217m.

A dividend of 10 cents a share was declared, up 2 cents, and the company said it hopes results remain satisfactory, particularly as it may benefit from weaker newsprint prices.

Investment income at SPH eased to S$5.1m from S$5.6m. Profit attributable to shareholders was S$43.6m, up 16.1 per cent.

SPH did, however, record an extraordinary loss of S$802,000 where none was posted previously. It said that was a result of the demerger exercise in which Times Publishing, the group's general publishing and printing arm, was floated off, leaving SPH solely in newspaper publishing and printing. The demerger took place soon after the end of the period but SPH said its results excluded those of Times Publishing.

At Times Publishing, operating profit rose 35.3 per cent to S$15.8m. Revenues rose 13.4 per cent to S$279.1m. Net profit was S$7.6m, up 49.5 per cent.

Times Publishing said it recorded an extraordinary gain of S$89.4m, up from just S$360,000, leaving final attributable profit at S$97m compared with S$5.4m. The company said the extraordinary gain arose from sale of investments, interest in subsidiary and associated companies, and goodwill written off on the acquisition of the remaining interest in a subsidiary.

Tokyu pre-tax earnings rise 18.2% to Y4bn

TOKYU DEPARTMENT Store, a Japanese chain, lifted pre-tax profits 18.2 per cent to Y4.18bn ($31.8m) for the year to February, due to strong consumer spending, AP-DJ reports from Tokyo.

Net earnings went up 11.8 per cent to Y1.69bn, or Y33.71 a share from Y30.84. Sales were Y232.9bn, rising 4.7 per cent. Tokyu kept its interim dividend payment unchanged at Y7.50.

Company officials said that price stability and an increase in disposable income as a result of better corporate sales and earnings helped boost sales and profits. This was in spite of chilly summer and warm winter weather that they said discouraged sales of seasonal goods.

Sales in all categories, including foodstuffs and clothing, showed gains.

Tokyu estimates pre-tax earnings in the current year at about Y4.4bn and net profits at Y1.8bn.

Royal at buy hotel at Cairns

ROYAL HOTEL, a quoted Osaka company, yesterday announced an agreement with the Queensland-based Silver Gate for the purchase of a 281-room hotel with resort facilities at Cairns, Kyodo reports from Osaka.

Officials said that the acquisition price would be between Y2bn ($15.2m) and Y3bn. Royal Hotel will create a subsidiary in Queensland by July to manage the hotel, called Cairns Colonial Club Resort.

Its name, facilities and number of employees will be left unchanged, the officials said. Its president will be a representative of Royal Hotel.

INTERNATIONAL COMPANIES AND FINANCE

First-quarter reverse for Mobil

By Anatole Kaletsky in New York

MOBIL, the second largest US-based oil company, reported a 22 per cent decline in first-quarter net earnings, which it attributed to a narrowing of refining and marketing margins. All of the US oil majors have suffered from a short-term squeeze on profit margins following the sharp rise in crude oil and wholesale gasoline prices in the past few months.

Mobil's net earnings amounted to $429m or $1.04 a share in the quarter, compared with $549m or $1.33 a year ago, on virtually unchanged revenues of $14bn.

US refining earnings were down to $76m from $101m a year earlier, while foreign refining and marketing earnings plunged to $49m from $121m.

The group said overseas margins were particularly hard hit because product price increases were lagging behind the rise in crude costs.

Exploration and production profits also declined sharply. US production profits were $62m, compared with $104m a year ago and foreign profits were $237m, compared with $279m. Mobil said the declines were due to lower natural gas prices which more than offset the benefits from more expensive oil.

Chemical earnings, by contrast, showed a 34 per cent increase to $184m as prices and margins continued to increase.

Mobil said it expected refined product prices to start catching up with crude costs in the near future, thereby improving results for the second quarter. Another timing factor which would benefit second-quarter results was the lagged effect on natural gas prices, which tend to rise several months behind oil prices, because of contract terms.

Texaco announced net income of $1.46bn or $4.51 a share in the first quarter, after including a restructuring gain of $1.19bn or $4.87 a share. The special restructuring item included a $1.33bn gain from the sale of Texaco Canada, which was partly offset by charges relating to environmental programmes at facilities sold by the company.

The latest results also included a gain of $49m on the sale of Texaco's interest in a refinery and marketing assets in Sweden.

In the first quarter of 1988 Texaco made net profits of $270m or $1.11 a share. This result included a one-time gain of $66m from the sale of the company's interest in offshore operations in Angola.

Other factors complicating any comparisons was the fact that the latest quarter's results excluded the operations of Deutsche Texaco, Texaco Canada and Star Enterprise, all of which have been sold as part of the company's post-bankruptcy restructuring.

The loss of earnings from these businesses was offset by the interest from the sales proceeds.

Mr James Kinnear, Texaco's president, said the latest results continued to reflect an increase in worldwide demand, especially for gasoline, but refining and marketing margins were still in a declining trend which began in the fourth quarter of 1988.

The company' upstream earnings also suffered from lower North Sea production following the Piper field explosion in the North Sea.

Boeing up 18% but outlook uncertain

By James Buchan in New York

BOEING, the aircraft maker struggling to handle record worldwide orders for new commercial airliners, reported an 18 per cent increase in first-quarter profits but warned of severe production challenges later this year and continued uncertainty in its defence business.

The Seattle-based company, which booked orders worth $8.7bn for commercial jet and turboprop aircraft in the quarter, said its earnings for the period were $161m or $1.05a share, against $136m and 89 cents in the 1988 quarter. Sales rose 10 per cent to $4bn.

However, Mr Frank Shrontz, chairman, said the booming order book, which calls for delivery of 316 jet airliners by the end of the year, was severely testing the workforce and putting heavy pressure on both suppliers and subcontractors.

He warned that a revised plan to deliver 53 747-400 aircraft "still has substantial risk" because more than half the aircraft would have to be delivered in the final quarter.

In its De Havilland commuter aircraft operation, which enjoyed an inflow of 38 new orders in the quarter, Boeing said productivity problems had to be resolved if the long-term economic viability of the operation was to be attained. At the end of the first quarter, Boeing had orders in hand of $52bn for commercial aircraft, with a further $7.8bn from the US Government.

In Boeing's defence and space business, Mr Shrontz said that significant resources were being applied to resolving technical, cost and schedule problems on a number of contracts.

Overall, he said, future business for the Pentagon and the National Aeronautics and Space Administration would be marked by strong pressure to reduce federal government spending. There would be fewer new projects and longer production schedules.

IBM lifts quarterly dividend

INTERNATIONAL Business Machines has raised its quarterly dividend to $1.21 a share from $1.10, and Mr John Akers, the company's chairman, has predicted that the group will report "a satisfactory 1989," AP-DJ reports from New York.

Mr Akers said: "The industry is under a good deal of stress, as evidenced by pressure on profitability and decline in stock prices, including IBM's stock price, over the last several months."

But he added: "We remain convinced that the industry has a bright future."

Analysts expect IBM, the world's largest manufacturer of computers and information process equipment, to show around 8 per cent earnings growth in 1989. In 1988, the company earned $5.81bn or $9.80 a share, on revenues of $59.7bn.

The increased quarterly dividend, payable June 10 to shares of record May 10, will cost IBM about $255m a year.

Occidental makes headway

By Anatole Kaletsky

OCCIDENTAL Petroleum made net profits of $67m or 24 cents a share in the first quarter, after making a big charitable contribution to the Armand Hammer Museum and Cultural Center. Dr Armand Hammer is Occidental's chairman and founder.

Even after the contribution, which reduced after-tax profits by about $24m, the quarter's earnings represented a significant improvement on the previous year's underlying results.

Last year's reported net profits were $113m or 52 cents, but this included a net gain of $53m from the sale of a 25 per cent interest in Occidental's Colombian oil and gas properties. The 1988 results also included a $16m gain from a restructuring of Occidental's pension obligations and a $2m gain from capital loss carryforwards.

The latest quarter's results included an extraordinary loss of $9m or 3 cents a share resulting from the early extinguishment of certain debts.

The 1989 results also reflected lower sales of crude oil following the accident last July at Occidental's Piper field in the North Sea.

Mr Hammer said he was pleased that, excluding special items earnings in 1989 were "approximately 50 per cent higher" than in the previous year. "We are particularly pleased that our chemichal operations more than doubled their earnings", he added.

In recent years, Occidental has made expansion in petrochemical production a lynchpin of its corporate strategy.

In the last quarter chemicals accounted for 25 per cent of Occidental's $5.1bn in net sales and 71 per cent of net operating earnings, which totalled $394m.

Net operating earnings from chemicals amounted to $282m in the latest quarter, compared with $118m in last year's first quarter. The big gain was partly attributable to Occidental's acquisition of Cain Chemical, a major ethylene producer, in May last year.

Bethlehem Steel drops 18%

By Roderick Oram in New York

BETHLEHEM Steel, the third largest US steel producer, yesterday reported a decline in first-quarter profits with restructuring charges offsetting improved results and higher shipments from its steel operations.

Net profits dropped to $64.7m or 78 cents a share, from $85.4m or $1.23, a year earlier. The latest figure included $55m of extraordinary charges, mainly for the restructuring of Bethlehem's Baltimore marine division. A month ago the company announced the plan to cut the division's workforce and costs and to shift from building new ships to repairs and conversions, but it only disclosed the size of the charge yesterday.

Last year's quarterly figures included a $19m charge stemming from a coal mine fire and a $10m gain from tax refund. Without these factors, net profits would have been $120m, against $94m, the company said.

Operating profits from basic steel operations increased to $137m from $98m a year earlier despite higher production costs, mainly for alloys and scrap. Its two main steel-making plants, Burns Harbor and Sparrows Point, increased their operating earnings. The bar, rod and wire division operated at break-even compared with a large loss a year earlier. The rail and pipe division reported reduced losses.

Steel related operations turned in a loss from operations of $63m, against a loss of $8m a year ago, reflecting the restructuring charge of the marine division.

Revenues rose to $1.4bn from $1.33bn. Shipments of steel products totalled 2.72m net tons against 2.65m while raw steel production slipped to 3.25m net tons from 3.29m tons. Bethlehem's plant utilisation rate was 82 per cent against 83 per cent a year earlier.

Amdahl net income at new peak

By Louise Kehoe in San Francisco

AMDAHL, the US IBM plug-compatible computer company, reported record results for the first quarter ended March 31 with revenues up 28 per cent from the same period last year.

Net income was $45.6m, or 42 cents per share, up slightly on the previous first-quarter record of $42.6m or 40 cents while revenues rose to $470.3m, up from $367.7m in the first quarter of 1988.

Amdahl said profit margins were squeezed by competitive pricing and higher manufacturing costs associated with the new technology incorporated in its latest products.

Income in the previous year was restated to reflect a two-for-one stock split in the third quarter of 1988 and the acquisition of Key Computer Laboratories for $30m in Amdahl stock this February. Key Computer Laboratories is a research group working on very high performance computer technologies.

Revenues were boosted by growing demand for the company's mainframe computers, and uncertainties surrounding National Advanced Systems, one of Amdahl's major competitors in the plug-compatible market, also contributed to Amdahl's success, analysts noted. NAS, a subsidiary of National Semiconductor, is to be sold to Hitachi and EDS following an aborted agreement to sell the unit to Memorex-Telex.

European charge checks growth at Quaker Oats

By Roderick Oram

A CHARGE for revamping its European pet food production prevented Quaker Oats, a leading US foods and toy group, from yesterday reporting a further growth in profits.

Net earnings for its third quarter slipped to $68.1m or 85 cents a share, from $75m or 94 cents a year earlier. Revenues were $1.38bn, against $1.34bn.

The charge for consolidating European pet food plants, announced in February, was $20.7m pre-tax or 20 cents a share at the net level. Without it, net profits would have risen 12 per cent to $1.05 a share and operating profits would have been 5 per cent higher at $158.4m.

Net profits for the nine months ended March, including the charge, were $158.2m or $1.99, against $161.6m or $2.02, on revenues of $4.16bn against $3.84bn.

During the latest quarter, operating profits from grocery products in the US and Canada rose 14 per cent to $111.9m on sales 8 per cent ahead at $883.9m. Profit growth came mainly from higher volume for cereals and the Gatorade soft drinks line. Total unit volume was down 2 per cent in the quarter but up 2 per cent for the nine months.

Operating profits from international grocery activities fell to $8.6m after the pet food charge, from $27.4m in the same quarter last year on sales of $314.3m against $321.9m.

Quaker's Fisher-Price toy division reported operating profits of $17.2m, against $24.9m on sales of $173.3m, compared with $195.8m. The company said last year's corresponding quarter was exceptionally strong and the latest period was hit by retailers' greater caution about inventories.

Soaring costs hit Nortel

By David Owen in Toronto

NORTHERN Telecom, the world's largest supplier of digital telecommunications systems which is 52 per cent-owned by Canada's BCE, yesterday reported a 13 per cent decline in first-quarter earnings.

Like others in the field, the company has been struggling to cut production costs in the face of escalating research and development expenses. These rose to US$186.8m or 13.5 per cent of revenues in the latest period, up from $157.4m a year ago.

The decline in the group's operating earnings from the first quarter 1988 was as much as 28.5 per cent, which was partially offset by the inclusion of equity income from a portion of its 27.5 per cent holding in Britain's STC.

Northern has been released from a previous requirement to sell a 3.8 per cent chunk of this investment by the end of 1990.

In all, net earnings applicable to common shares reached $47.3m or 20 cents a share, against $54.5m or 23 cents in 1988. Revenues climbed 13 per cent to $1.38bn from $1.22bn (restated) in the corresponding year-earlier period.

Mr Paul Stern, vice-chairman, predicted that the second quarter will also produce a year-on-year income decline, but that the year as a whole "will produce revenue and earnings growth."

Eastern Air unveils asset plans

By Anatole Kaletsky

EASTERN Airlines has formally presented a plan to sell $1.8bn worth of assets to take itself out of bankruptcy by the end of the year.

The business plan, unveiled at a meeting of the airline's creditors, would require the approval of the US bankruptcy court before it could be put into effect.

It envisaged Eastern resuming operations as a severely downsized low-cost airline, employing a new labour force hired to replace any unionised pilots, mechanics and flight attendants who persisted in their two-month strike.

Eastern anticipates shrinking its fleet from 255 to 157 aircraft and reducing the number of cities it serves from 102 to 77.

Apart from the reduction in aircraft numbers, the main assets to be disposed of include 26 take-off and landing slots and 117 gates at US airports.

Eastern said the plan would allow it to make a small net profit of $26m in 1990, after a loss of $314m in the third and fourth quarters of this year.

The company added that its cash balance on March 8 was $223m, but that the balance would rise to $843m by the end of June, following the suspension of its interest and salary payments by the bankruptcy proceedings and strike.

Salomon sinks into deficit

By Karen Zagor

SALOMON INC, the Wall Street brokerage and investment house which has suffered erratic fortunes from securities trading, reports first-quarter net losses of $28m, or 35 cents a share on a fully diluted basis, against earnings of $173m or $1.13 a share the previous year. Revenues fell to $1.54bn from $1.61bn a year ago.

On a pre-tax basis, Salomon Brothers lost $95m and the Philipp Brothers commodities brokerage lost $55m. The consolidated pre-tax loss of $72m was reduced by a $44m income tax benefit.

Securities accounted for the bulk of the decline, with pre-tax losses of $95m against a gain of $253m in 1988. Commodities saw losses of $55m from earnings of $15m the previous year. The corporate sector lost $20m compared with a loss of $3m.

Energy was the only sector to improve, with pre-tax income of $98m against $27m.

Steady advance at Eaton

By Our Financial Staff

EATON, the US group which manufactures a wide range of products for the vehicle, industrial and defence markets, has unveiled record first-quarter results.

The group, which has several UK plants, lifted net income to $67.2m or $1.81 a share from $60.3m or $1.61 last time. Sales were well ahead at $958m, against $857m.

Mr James Stover, chairman, said the record results were achieved despite the impact of heavy costs associated with new investments.

The company's electrical and electronic controls segment put in a strong performance, boosting sales by 10 per cent to $391m and operating profit by 18 per cent to $40m, compared with the 1988 quarter.

NCNB drops $2bn bid for Citizens

By Anatole Kaletsky

NCNB, the fast-growing US regional bank which made an unsolicited $2bn bid last month for Citizens & Southern, has terminated its offer. NCNB cited C&S's refusal to discuss a friendly merger as the reason for its withdrawal.

The NCNB announcement astonished analysts who had expected a lengthy takeover battle, similar to the year-long contest between Bank of New York and Irving Bank in 1987 and 1988.

Instead, Mr Hugh McColl, NCNB's chairman, said he had decided to terminate the offer on the grounds that he was interested only in a friendly merger with C&S. "The management and directors of C&S, for reasons satisfactory to themselves, have decided not to accept our offer. I see no benefit in continuing it."

Zenith tumbles into the red

By Karen Zagor in New York

ZENITH Electronics, the last US-owned television maker, yesterday reported a small first-quarter losses despite increased sales in both its computer and consumer electronic businesses.

Net losses for the quarter ended April 1 were $4m or 15 cents a share, against net income of $400,000 or 1 cent a share the previous year. Sales rose by 17.5 per cent to $674.5m from $574.1m.

The Glenview, Illinois, company said the decline in earnings was due to higher costs for memory chips, lower revenues from computer components and foreign exchange losses.

Mr Jerry Pearlman, chairman and president, said: "Our first-quarter loss was anticipated in our 1989 plan; we still expect profit improvement for the full year."

Revenues from Zenith's consumer electronics group jumped 21 per cent to $272m from $224m a year ago following increased shipments of colour TV sets, cable and subscription TV decoders, and colour tube sales to other manufacturers.

Although industry television prices were lower than a year ago, Zenith was able to make modest price increases stick.

Sales from the computer sector were up by 14.9 per cent to $402m from $350m. However, the sector was hit by dearer memory chips, which cost the company $8m more than in the previous year, while foreign exchange losses, primarily in Europe, resulted in a $3m loss, against a $1m gain last year.

Sales of components products were lower as sales of power supplies fell off because of inventory balancing by customers. Zenith expects power supply sales to double in the second quarter.

INTERNATIONAL CAPITAL MARKETS

Frail Portuguese state banks win reprieve ahead of 1992

Diana Smith on threats posed by a single market

Portugal has won three extra years after 1992 to arm its banks for the competitive warfare of the single market – until 1995 it will be exempt from the market's full freedom of capital flows and financial services.

Brussels has made allowances for the frailty of over-centralised state banks used to finance a public debt now equivalent to 73 per cent of Portugal's US$40bn GDP. The institutions are far more vulnerable than new private sector Portuguese commercial and investment banks or branches of leading foreign banks set up after liberalisation in 1985.

Strained by rigid credit ceilings used, with uneven success, to ward off inflation, state banks are generally undercapitalised and overstaffed, saddled with bad loans and now obliged to set aside tens of millions of dollars in provisions for new pension funds.

Mr Fernando Faria de Oliveira, Treasury Secretary, says all but two of the seven state banks will be privatised eventually. The first, Banco Totta e Acores, will offer 49 per cent of its capital to the public in June; Banco Borges e Irmao and Banco Nacional Ultramarino (the two with the heaviest losses) will be adopted by the Banco de Fomento Nacional, the official development bank, and Caixa Geral de Depositos, the big savings bank. No other bank has yet been pencilled in for privatisation.

Meanwhile, a plea for change was voiced by Mr Jose Alberto Tavares Moreira, the Governor of the Bank of Portugal, and Mr Miguel Beleza, a central bank director, at the annual meeting of British and Portuguese financiers run by the Bank of Portugal and the British Invisible Exports Council.

Mr Beleza stressed: "Instruments now used by the authorities to regulate credit will not be available after 1992. In the single market it is futile to think we can have credit ceilings: Portuguese banks will be able to use external sources."

Free provision of services and capital movements would, said Mr Beleza, be a "competitive shock" for Portuguese banks.

Mr Tavares Moreira said if Portugal was to cope it could not waste time and must adapt financial structures to a new environment of deregulation and competition. He gave as priorities:

- More solvent and profitable state banks. Their solvency ratios were low, he said, compared with EC averages. More equity capital was required to improve them;
- Better asset/risk structures and management. Some banks had low yields on assets, that harmed competition and profitability. Although some financial spreads compared favourably with EC averages, profitability plummeted when the high cost of provisions for credit risks were taken into account;
- Lower staff costs. The authorities had to stop using public sector banks to finance the state at interest below market rates. Mr Tavares Moreira said this was a delicate point but it could not be avoided;
- The relative size of banks had to be examined and it had to be asked, for example, whether Portuguese banks should try to compete in size with their European counterparts;
- The central bank needs more flexible, short-term interest instruments to influence the money base. "Excessively-administered rates must be discontinued in the not too distant future," Mr Tavares Moreira insisted.

In March the Finance Ministry attacked soaring inflation by tightening credit ceilings, to the dismay of the central bank. Mr Tavares Moreira's speech underlined the Bank of Portugal's concern that the Government is not adapting fast enough for the demanding freedoms of 1992.

Kuwait to give go-ahead for unit trusts

KUWAIT will allow its banks and investment companies to issue unit trusts to try to breathe life into a sluggish stock exchange, Reuter reports from Amman.

Financial observers said the legislation had been approved by the Ministry of Commerce and Industry and the central bank and should be approved by the cabinet within two months.

The funds would be listed on the stock exchange.

The move aims to create demand for shares in a market that has limped along since 1982, when a crash in share prices left investors crippled by billions of dinars of unpaid debts.

Local unit trusts, or mutual funds, which invest in various securities and pay dividends in proportion to holdings, have not been allowed in Kuwait, although some finance companies have been unofficially handling small investors' money.

Bankers said some banks had set up funds through off-shore companies.

One market analyst said: "The Government hopes the funds will improve professionalism of share trading and bring new small companies in to replace the bad."

The observers said 75 per cent of each fund would have to be invested in Kuwait while 25 per cent could go overseas.

The exchange is also considering, at a later date, the introduction of options and forward deals.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price change... On day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
[illegible]					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Jardine's $200m issue meets calm response

By Michael Marray in Hong Kong

A MOVE by Jardine Strategic Holdings (JSH) this week to raise US$200m through an issue of convertible cumulative preference shares met a calm response yesterday in the Hong Kong market, where the plan was viewed as shifting debt within the Jardine trading and investment group.

Jardine Matheson Holdings, which owns 55 per cent of JSH, will subscribe to $110m worth of the convertibles, leaving $90m to be found in the market.

JSH has recently been conducting a roadshow in Europe and the US.

Mr Peter Collins, a JSH director, said the cash raised would be used to reduce borrowings further. These stand at HK$3.2bn (US$410.3m).

However, JSH is already set to receive HK$1.76bn from a special dividend payout announced last month by Hongkong Land, and the HK$1.56bn raised by the preference shares will thus put JSH in a cash surplus position.

This dramatic decrease in borrowings is continuing to fuel speculation that some sort of acquisition may be on the way.

Kwik Save of the UK, 25 per cent owned by Dairy Farm International, a JSH associate, is considered a possible target.

JSH shares rose 40 cents to HK$13.50 in Hong Kong yesterday, while those in Jardine Matheson were up 30 cents to HK$22.10.

The conversion price into JSH shares for the issue will be HK$14.

The convertibles will be listed in Luxembourg.

The issue is being jointly managed by Credit Suisse First Boston and Jardine Fleming International, with senior co-managers including James Capel, Salomon Brothers and Morgan Stanley.

Trust banks set up system to swap data

SEVEN trust banks, one city bank, four brokerages and four investment trust firms have set up an electronic data exchange enabling them to share information on stock and bond transactions, according to Yamaichi Securities, one of the participants, Reuter reports from Tokyo.

The system, called the fund information relay system, collects securities trading data stored in the computers of securities houses and transmits them to trust bank computers over phone circuits.

NTT Data Communications, a unit of Nippon Telegraph and Telephone, developed the system in co-operation with the banks and brokerages.

Each syndicate member may place bids of up to 30 per cent of the auction volume or 12 per cent of total issue volume. The minimum bid is Y100m ($760,000).

Only syndicate members with underwriting shares of more than 0.3 per cent must participate in the auction. Members with less than a 0.3 per cent share may choose whether to attend the auction or the non-competitive tender.

At the tender, syndicate members may place bids of up to 20 per cent of their pre-fixed shares.

The minimum bid is Y1m. Participants will underwrite bonds at the average price of the auction.

Foreign bond purchases by Japanese fall

JAPANESE investors bought a net $5bn in foreign bonds through domestic and foreign securities houses in March against $8.24bn in February, the Japan Securities Dealers Association announced yesterday, Reuter reports from Tokyo.

The sharp drop in volume was mainly due to higher interest rates overseas.

Fearing inflationary pressure, Japanese investors shifted funds to domestic bonds from foreign holdings, particularly US Treasuries, dealers said. Japan's outstanding foreign bond holdings in March totalled $156.71bn, down from $158.89bn in February.

Gross purchases in March were $86.82bn, down from $95.89bn a month earlier. Gross sales were $81.82bn, falling from $87.65bn.

Gross buying of US bonds in March was $75.78bn or 87.3 per cent of the total foreign purchases, against $81.39bn or 84.9 per cent.

Gross sales of US bonds stood at $75.62bn or 92.4 per cent of the total, against $77.88bn or 88.9 per cent in February.

LEGAL NOTICE

Registered No: 123587
Registered in England & Wales

ANTON DISTRIBUTORS LIMITED
(IN RECEIVERSHIP)

We, John Martin Iredale & N J Vooght
Office Holder Numbers: 000124 & 006339
of Cork Gully, 9 Greyfriars Road, Reading, Berks RG1 1JG

hereby give notice that on 14 April 1989 we were appointed joint administrative receivers of the above-named company by the Bank of Scotland Plc under the terms of an instrument dated 9 November 1987 giving the holders a fixed and floating charge over the whole of the company's assets.

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

Registered No: 2117848
Registered in England & Wales
ANTON DOMESTIC APPLIANCES LIMITED
(IN RECEIVERSHIP)
Office Holder Numbers: 000124 & 006339
We, John Martin Iredale & N J Vooght
of Cork Gully, 9 Greyfriars Road, Reading, Berks RG1 1JG

hereby give notice that on 14 April 1989 we were appointed joint administrative receivers of the above-named company by the Bank of Scotland Plc under the terms of an instrument dated 9 November 1987 giving the holders a fixed and floating charge over the whole of the company's assets.

INTERNATIONAL CAPITAL MARKETS

Swiss bank quits admissions board

By William Dullforce in Geneva

THE SWISS National Bank (SNB) yesterday announced its withdrawal from the admissions board, which approves foreign securities for listing on the Swiss stock exchange.

Its withdrawal, which follows last week's recommendation from the Cartel Commission that the board be dissolved, appears to foreshadow the demise of the body, which has been severely criticised as a vehicle for discriminating against foreigners.

However, the central bank and the commission are opposed by the Finance Ministry, which sees an improved board continuing to play an important self-regulating role for the Swiss stock exchanges in an increasingly deregulated market.

The admissions board has incurred the wrath of banks competing with the dominant syndicate, operated by the big three Swiss banks, in underwriting Swiss franc bond issues for foreign borrowers.

They complain that with the majority of the board's members representing the big syndicate it acts as a barrier to competitors.

The Cartel Commission echoed this criticism when it said that, owing to its composition, the board "cannot be considered a neutral organisation."

In response to complaints that its decisions were highly subjective, the board announced some criteria last year.

It said it would accept for listing bond issues by borrowers given triple B ratings or higher by Standard & Poor's, or equivalent ratings by other agencies.

It also mooted the idea of dividing listed issues into two "segments" which would be traded at different times, thereby opening the way for the listing of "junk bonds."

Next Tuesday the board of the Zurich stock exchange is due to vote on changes to its rules that would allow bonds to be listed in two segments.

This move is rejected as impracticable by underwriters outside the big syndicate. They protest that the inevitable delay in the board's decision on a listing would make it impossible to tell potential borrowers to which segment their issues would be allocated.

The SNB is not represented on the admissions board but was a signatory of the agreement with the banks, which established it in 1938. Mr Markus Lusser, SNB's president, recently described the board as an anachronism prejudicial to the Swiss financial centre's image in Europe.

It was more important to ensure that enough information was disclosed by companies and borrowers, to enable investors to make their own choices, he said.

This view was challenged by Mr Daniel Kaeser, head of the Treasury in the Finance Ministry. He argued that more voluminous information would benefit the professional, rather than the small, investor.

The ministry prefers to have a revamped admissions board, operating to objective criteria and offering opportunities to appeal against decisions.

Far-Eastern flavour to new-issue activity

By Andrew Freeman

INTERNATIONAL BONDS

EUROBOND markets retreated into virtual inactivity ahead of today's US first-quarter GNP figures. Most of the handful of new bond issues had a distinctly Far-Eastern flavour, with dealers reporting quiet secondary trading.

Nomura International was the lead manager of a $150m seven-year issue for Chugoku Electric Power. The bonds came with a 10 per cent coupon and were priced at 101½ to yield some 64 basis points over the equivalent US Treasury. The proceeds are thought to have been swapped into yen.

Nikko Securities brought a $100m four-year deal for Nippon Oil Finance (Netherlands) which carried a 10¼ per cent coupon and was priced at 101½ to yield 73 basis points over the equivalent Treasury.

These deals were aimed primarily at institutional accounts in Japan and the Far East and met restrained receptions. New-issue traders criticised the launch spreads, saying that market conditions meant investors needed to be enticed with more generous terms.

There was also comment about the relatively small size of the issues, which are unlikely to be widely traded on the secondary market.

An existing $350m seven-year deal for Kansai Electric was trading at a spread of 72 basis points over Treasuries when the Chugoku paper was launched, leading to comment that the larger, more liquid deal offered better value. There was speculation that fierce bidding for the Chugoku mandate had forced an aggressive price on the market.

Both of yesterday's deals slipped outside fees, while the strong rally on the US government bond market helped their spreads widen to levels which dealers said were more realistic. The Chugoku bonds were less 2 bid in early trading, outside underwriting fees of 1⅞ per cent. The paper was later quoted by the lead manager at less 2⅞ bid, or a spread of 75 basis points over Treasuries.

The Nippon paper was supported by the lead manager outside fees at less 1.70 bid, implying a spread against Treasuries of around 82 basis points, and outside underwriting fees of 1⅝ per cent.

Late in the day, Goldman Sachs International launched an innovative $100m tap deal for Eksportfinans, the Norwegian export credit agency.

A $50m first tranche of three-year Eurobonds was issued at 101⅝ per cent with a 14⅞ per cent gold coupon, alongside a $50m issue on the US domestic market. The bonds were offered with a redemption based on the gold spot price, giving a high current yield to investors willing to take a short position in gold.

The redemption formula gives a one-for-one return on the gold spot price. For example, if the gold price, fixed at launch at $385.90 per ounce, halves during the life of the bonds, investors will receive 150 per cent of their principal. Similarly, if the gold price doubles investors will receive only half their principal.

The initial reaction among syndicate managers was that the deal was interesting, but limited by the lack of volatility in gold prices over the last few months. The lead manager was not making a price on the bonds, saying the deal was aimed at investors with specific needs and would not be widely traded.

A Y7bn seven-year floating-rate note issue was brought by LTCB International for the Federal National Mortgage Association as part of the association's gradual expansion of its Euromarket borrowing. The notes, yielding 30 basis points below the yen-yen swap rate, were priced at 100.1 per cent.

In Germany yesterday, secondary market prices were marked down by around ¼ or ⅜ point in reaction to the announcement that the government's withholding tax is to be abolished. There were no new issues, with syndicate managers predicting quiet trading for the rest of the week.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Nippon Oil Fin.(Neth)♦	100	10¼	101½	1993	1⅞/1⅛	Nikko Secs.(Eur)
Chugoku Elec. Power♦	150	10	101½	1996	1⅞/1⅛	Nomura Int.
Eagle♦†(a)	65	20bp	100.10	1992	6/4bp	Yasuda Trust(Eur)
Eksportfinans♦‡(c)	100	14⅞	101⅝	1992	⅞/½	Goldman Sachs Int.
FRENCH FRANCS						
Compagnie Bancaire♦	700	9⅛	101⅝	1995	1⅞	Credit Lyonnais
YEN						
Fed. Nat. Mort. Ass.†♦(b)	7bn	30bp	100.10	1996	17/10bp	LTCB

♦Final terms. †Floating rate note. a)20bp over 6 month libor. b)Refixed semi-annually at 30bp below the Yen-Yen swap rate. c)Redemption based on gold spot prices.

Bankruptcy highlights Belgian SE reforms

By Tim Dickson in Brussels

THE issue of stock exchange reform in Belgium has been given an additional twist with the bankruptcy of Daniel Bernaerts, a tiny stockbroking firm.

The five-employee business collapsed last week owing debts of up to BFr500m ($12.85m). It follows last year's decision by the Stock Exchange Commission to ask a Brussels court to send in a provisional administrator.

Problems following the 1987 stock market crash have been blamed but investigators also found clear evidence that Belgium's commercial law had been broken, notably in the way the firm was acting like a bank in accepting interest-bearing deposits.

The immediate question is whether those private clients whose money was lodged with the firm will be fully compensated by the stock exchange guarantee fund - a BFr1bn "pot" topped up by a levy on bargains.

The fund is restricted by the fact that only 50 per cent of its assets can be paid out in any one year, and only 50 per cent on any one case. The indications yesterday were that those who had a legitimate claim would get their money back.

Looking further ahead, however, most observers believe the failure of Bernaerts highlights the need for the reforms of the bourse, which are already under way.

No one believes that the "caisse de guarantee" - the stock exchange unit whose powers to investigate and use the resources of the fund have only been available since the beginning of 1987 - could have prevented the scandal, not least because the firm in question was operating two sets of accounts.

On the other hand, as one Finance Ministry official pointed out yesterday, the recent scandal may strengthen the argument of those who believe that the self-regulatory unit should be integrated into the new Banking and Financial Commission planned by Mr Philippe Maystadt, the Finance Minister.

Inflation fears and firmer $ dominate bund trading

By Katharine Campbell in London and Janet Bush in New York

GOVERNMENT BONDS

IT IS a mark of the growing internationalisation of the German government bond market that traders and economists in London now pay close attention to the minutiae of German domestic inflation numbers.

Yesterday's release of consumer prices to mid April for the state of Nordrheinwestphalen confirmed the market's fears of gathering inflationary pressures, and explained the Bundesbank's surprise raising of official rates last Thursday. Inflation figures are released state by state in Germany, although Nordrheinwestphalen, the largest state, normally precedes the federal figure by only a day.

About half of the cash trading of bunds now occurs in London, spurred by the listing of a futures contract on Liffe among other things. Increased trading volumes as well as the existence of a new instrument that allows short positioning – previously very tricky – has enhanced the importance of data previously largely ignored.

Inflation worries and a stronger dollar thus dominated trading yesterday. The televised statement by Mr Theo Waigel, the new Finance Minister, that withholding tax was indeed to go had very little impact – that had largely been priced in last week.

The Bundesbank announced a variable rate repurchase agreement for today which will allow money market rates to adjust to the upward movement in official rates.

On Liffe, the 10-year bund June contract closed at 94.32, 13 basis points below the opening although off the day's lows of 94.21.

THE Dutch market was nervous ahead of the announcement of the terms of the new state loan late yesterday. Dutch bonds have been steadily weakening over the past few days, and yesterday were yielding 35 basis points over comparable German paper.

THE resignation of Mr Noboru Takeshita, the Japanese Prime Minister, ensured that bonds were marked down in early trading, but optimism that his departure would take some of the heat out of the Recruit scandal soon returned, steadying prices.

Short covering after the negative tone of the previous day – occasioned by poor inflation data – also contributed to a slight firming. The 10-year Japanese bond future closed at 104.43, 13 basis points up on Monday's finish.

The Ministry of Finance set the coupon on the new May issue, in advance of today's auction. It will be 4.8 per cent and in the amount of Y700bn.

If it is fungible with the recent No.119 issue, as expected, it will bring the outstanding value of the No.119, the possible next benchmark, to Y1,850bn.

An over-the-counter market in options on Japanese bonds among authorised dealers begins today, following MoF approval. This is the first time that finance houses in Tokyo have been allowed to trade securities options on domestic securities.

THE UK gilt-edged securities market traded in a very tight range yesterday as dealers did little beyond tidying their books in advance of today's trade figures.

On Liffe the long gilt future closed at 95-02 after 95-29 on Monday.

US Treasury bonds moved modestly higher yesterday morning in response to a weaker than expected gain in US durable goods orders last month.

At midsession, medium-dated maturities registered the best gains, to be quoted as much as ¼ point higher. Short-dated maturities were as much as ⅛ point higher and the Treasury's benchmark long bond was quoted ¼ point up from Monday's close for a yield of 8.96 per cent.

Durable good orders gained 0.8 per cent in March, well below the consensus forecast for a rise of near to 1.5 per cent. Non-defence orders fell 1.2 per cent last month and the decline in February orders was revised to 3.6 per cent from 3.3 per cent reported earlier.

Also released yesterday was the Labour Department's Employment Cost Index which rose 4.8 per cent in the 12 months ended March 31, compared with a rise of 5 per cent in 1988.

There was a quick flurry of buying in the bond market immediately after the figures but then trading wound down again as dealers waited for the rest of this week's data, including preliminary first-quarter GNP figures today, personal income and consumption for March tomorrow, and March leading indicators on Friday.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	106-08	+9/32	11.23	11.02	10.89
		9.750	1/98	98-08	+2/32	10.41	10.25	10.04
		9.000	10/08	98-18	+6/32	9.39	9.29	9.10
US TREASURY *		8.875	2/99	96-04	-3/32	9.19	9.24	9.44
		8.875	2/19	98-23	-3/32	9.01	9.08	9.22
JAPAN	No 111	4.600	6/98	95.5366	-0.285	5.32	5.21	5.08
	No 2	5.700	3/07	105.8146	-0.196	5.08	5.01	5.02
GERMANY		6.375	11/98	98.9000	-0.100	6.82	6.91	6.94
FRANCE	BTAN	8.000	1/94	95.3239	-0.017	8.87	8.93	9.20
	OAT	8.125	5/99	95.7450	+0.160	8.77	8.83	9.03
CANADA *		10.250	12/98	100.1250	+0.375	10.23	10.37	10.64
NETHERLANDS		6.7500	10/98	97.7250	-0.100	7.08	7.08	7.09
AUSTRALIA		12.000	7/99	92.2902	+0.131	13.30	13.65	13.63

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tuesday April 25 1989: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Mon Apr 24: Index No.	Fri Apr 21: Index No.	Thu Apr 20: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (207)	930.86	+0.8	10.72	4.14	11.47	9.80	923.16	923.19	922.82	758.31
2	Building Materials (29)	1168.33	+1.3	11.68	4.31	10.52	9.68	1153.70	1151.48	1157.56	1022.05
3	Contracting, Construction (38)	1678.23	+0.6	13.04	4.15	10.02	25.93	1668.18	1662.38	1671.02	1590.72
4	Electricals (10)	2738.47	+0.5	8.65	4.43	14.10	25.01	2725.58	2704.48	2700.77	1998.46
5	Electronics (30)	2119.82	+1.4	8.96	3.16	14.46	12.86	2091.51	2093.97	2067.01	1539.20
6	Mechanical Engineering (54)	498.59	+0.9	10.47	4.09	11.72	6.73	494.02	495.23	496.39	391.91
8	Metals and Metal Forming (7)	534.87	+0.3	14.35	5.59	7.88	0.00	533.41	533.53	532.62	451.14
9	Motors (17)	306.75	+0.4	12.01	4.95	9.72	5.78	305.44	306.66	306.99	272.97
10	Other Industrial Materials (22)	1551.96	+0.1	9.41	4.35	12.67	21.63	1550.01	1551.01	1556.93	1249.20
21	CONSUMER GROUP (186)	1182.08	+0.3	9.08	3.70	13.81	8.00	1179.11	1177.15	1179.36	1069.77
22	Brewers and Distillers (22)	1285.18	-0.1	10.05	3.57	12.58	9.88	1286.41	1284.81	1289.77	1072.12
25	Food Manufacturing (20)	1018.70	+0.2	9.83	4.05	12.81	11.32	1016.64	1020.42	1025.65	916.76
26	Food Retailing (15)	2138.89	+0.4	8.72	3.36	15.09	14.57	2131.35	2094.86	2079.08	2117.31
27	Health and Household (14)	2270.91	-0.1	6.29	2.57	18.18	9.00	2272.83	2278.34	2273.72	1783.23
29	Leisure (33)	1576.18	+0.1	7.74	3.44	16.25	14.64	1573.96	1572.06	1580.15	1275.33
31	Packaging & Paper (16)	565.16	+0.3	10.19	4.25	11.96	6.99	563.48	562.48	562.57	485.43
32	Publishing & Printing (18)	3477.86	+0.3	9.40	4.64	13.33	32.54	3466.81	3471.28	3491.39	3274.56
34	Stores (33)	770.72	+1.1	11.33	4.60	11.56	1.83	762.68	760.70	764.62	840.19
35	Textiles (15)	524.03	+0.4	11.89	5.41	10.22	0.60	521.85	520.21	520.27	613.28
40	OTHER GROUPS (94)	1054.26	+0.4	10.26	4.28	11.89	8.71	1050.41	1049.39	1052.38	863.92
41	Agencies (18)	1263.05	+0.7	8.41	2.70	15.21	13.24	1254.27	1245.69	1254.31	1137.97
42	Chemicals (22)	1202.73	+0.6	11.18	4.90	10.75	21.34	1195.81	1194.25	1196.21	999.37
43	Conglomerates (11)	1522.41	+0.5	10.05	4.83	11.51	5.17	1515.03	1505.70	1516.19	1155.26
45	Transport (13)	2368.12	+0.3	8.35	3.64	15.53	20.16	2360.26	2356.86	2368.44	1879.64
47	Telephone Networks (2)	1086.86	+0.1	10.80	4.32	12.04	0.00	1085.33	1089.00	1089.00	945.44
48	Miscellaneous (28)	1439.82	+0.3	10.83	4.11	10.50	21.21	1435.93	1436.66	1438.55	1116.68
49	INDUSTRIAL GROUP (487)	1101.17	+0.4	9.87	3.99	12.53	9.08	1096.27	1095.18	1096.83	942.72
51	Oil & Gas (13)	2008.48	+0.2	9.91	5.53	12.96	41.32	2005.01	2000.14	1995.74	1842.49
59	500 SHARE INDEX (500)	1177.95	+0.4	9.87	4.19	12.59	11.69	1173.13	1171.74	1172.93	1019.20
61	FINANCIAL GROUP (123)	729.70	+0.8	–	5.27	–	13.90	724.06	724.79	727.37	668.33
62	Banks (8)	719.69	+1.6	24.75	6.61	5.31	20.35	708.15	709.12	709.81	620.43
65	Insurance (Life) (8)	1039.53	+0.1	–	5.74	–	29.35	1038.07	1043.35	1046.61	981.30
66	Insurance (Composite) (7)	583.57	+0.9	–	5.91	–	13.65	578.32	578.63	576.57	538.85
67	Insurance (Brokers) (7)	950.39	+1.9	8.85	6.64	15.07	26.01	932.45	931.72	931.83	896.21
68	Merchant Banks (11)	331.66	-0.1	–	4.52	–	3.63	332.14	332.14	334.07	347.35
69	Property (52)	1292.11	......	5.94	2.78	21.37	4.54	1291.42	1291.14	1307.68	1155.31
70	Other Financial (30)	368.97	+0.4	10.07	5.69	12.50	4.03	367.43	367.32	367.07	389.17
71	Investment Trusts (73)	1100.93	+0.4	–	2.85	–	7.98	1096.60	1096.93	1098.30	870.67
81	Mining Finance (2)	628.50	-1.4	9.22	4.05	11.98	10.45	637.59	646.29	648.03	463.72
91	Overseas Traders (8)	1383.64	+0.8	9.61	5.02	12.05	15.93	1372.02	1364.82	1376.89	1043.58
99	ALL-SHARE INDEX (706)	1068.33	+0.4	–	4.31	–	12.05	1063.66	1063.01	1064.62	926.12

		Index No	Day's Change	Day's High (a)	Day's Low (b)	Apr 24	Apr 21	Apr 20	Apr 19	Apr 18	Year ago
	FT-SE 100 SHARE INDEX♦	2071.2	+9.2	2076.3	2062.6	2062.0	2061.0	2064.4	2087.0	2074.4	1800.8

FIXED INTEREST

	PRICE INDICES	Tue Apr 25	Day's change %	Mon Apr 24	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	117.53	+0.18	117.31	–	3.93
2	5-15 years	132.29	+0.15	132.09	–	4.48
3	Over 15 years	143.90	+0.23	143.57	–	5.33
4	Irredeemables	166.57	+0.03	171.11	4.59	6.10
5	All stocks	130.27	+0.17	130.08	0.04	4.47
	Index-Linked					
6	5 years	132.53	+0.18	132.29	–	1.36
7	Over 5 years	131.94	+0.23	131.64	–	1.28
8	All stocks	131.85	+0.22	131.56	–	1.27
9	Debentures & Loans	114.52	+0.04	114.47	–	3.29
10	Preference	88.54	......	88.54	–	2.01

	AVERAGE GROSS REDEMPTION YIELDS		Tue Apr 25	Mon Apr 24	Year ago (approx.)
	British Government				
1	Low	5 years	9.86	9.87	8.75
2	Coupons	15 years	9.30	9.31	9.17
3		25 years	9.10	9.11	9.04
4	Medium	5 years	10.81	10.87	9.22
5	Coupons	15 years	9.75	9.76	9.38
6		25 years	9.29	9.30	9.23
7	High	5 years	10.92	10.98	9.30
8	Coupons	15 years	9.97	9.98	9.53
9		25 years	9.48	9.48	9.28
10	Irredeemables	‡	9.08	9.08	9.00
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.81	3.87	2.41
12	Inflation rate 5%	Over 5 yrs.	3.64	3.66	3.78
13	Inflation rate 10%	5 yrs.	2.85	2.90	1.44
14	Inflation rate 10%	Over 5 yrs.	3.47	3.48	3.61
15	Debs &	5 years	11.88	11.98	10.74
16	Loans	15 years	11.33	11.32	10.56
17		25 years	11.33	11.32	10.56
18	Preference	‡	10.24	10.24	9.91

♦Opening index 2065.6; 10 am 2065.1; 11 am 2072.5; Noon 2071.8; 1 pm 2072.7; 2 pm 2072.9; 3 pm 2074.8; 4 pm 2071.2; 4.05 pm 2071.6
(a) 2 50pm (b) 9 17am ‡ Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	89	0	19
Corporations, Dominion and Foreign Bonds	16	12	16
Industrials	475	234	866
Financial and Properties	194	71	393
Oils	38	15	44
Plantations	1	1	10
Mines	48	18	115
Others	94	48	113
Totals	955	399	1,576

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§57	F.P.	-	71	60	§Amberley Group 2½p	63		b1.5	3.4	3.2	11.6
†	F.P.	-	35	29	§CCS Group 20p	30	+1	L0.45	1.6	2.0	42.5
$50	F.P.	-	49	47	CST Emerging Asia Tst 10p	48	+1	-	-	-	-
-	F.P.	-	19	8	Do. Warrants	19		-	-	-	-
§100	F.P.	-	125	113	§Capita Group	125		u2.5	2.2	2.7	18.8
§135	F.P.	28/4	143	138	Davenport Vernon 10p	140	+2	u5.25	2.4	5.0	8.5
□100	F.P.	-	108½	100	Fleming High Inc. Inv	108	+½	b5.25	-	6.5	-
§100	F.P.	-	123	115	§Green (J.)	123	+3	12.9	2.9	5.1	14.7
-	F.P.	-	71	33	Greenfriar Inv Wrrts	71		-	-	-	-
†	F.P.	-	33½	32⅝	Hewlett-Packard	33⅛	-⅛	Q34c	-	0.6	-
§175	F.P.	-	178	173	Hiber Hldgs. 10p	176	+1	L3.6	2.7	2.7	16.1
§47	F.P.	-	49	40	*Malaga Group 10p	46	+1	R2.0	3.7	5.8	6.3
†	F.P.	-	600	586	Nova Corp of Alberta NPV	588	-5	Q42	-	3.4	-
††	F.P.	-	101	95	§OIS Group	101		-	-	-	-
§100	F.P.	-	108	100½	§Perth Group 5p	103		R4.5	1.8	5.8	11.3
†	F.P.	-	300	200	§Property Co of London 50p	250		-	-	-	-
§52	F.P.	19/4	78	52	§Quilligotti 5p	67		R2.0	2.4	4.0	11.8
125	F.P.	-	136	125	Try Group	131	+1	L5.0	2.1	5.1	12.5
§38	F.P.	-	40	37	*Vizcaya Hldgs 5p	39		-	-	-	-
§185	F.P.	-	215	195	Wood (Graham)	215	+2	R7.7	2.6	4.8	8.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
106.46	F.P.	-	106¼	105¼	Brit. Assets Tst. Ind-Linked 2005	105½	+⅛
110p	F.P.	-	112p	108p	Brown & Jackson 10½pc Cv. Cm. Pf.	110p	
101½p	F.P.	-	101¼p	99½p	C.H. Industrial 9½pc Cm. Rd. Pf. £1	99½	
100	Nil	-	3pm	2pm	Dwyer 7.25pc Cnv. Cum. Red. Prf.	3pm	
101p	F.P.	-	103¼p	101½p	Eng. & Int'l. Tst. 8⅞pc Cm. Pf	101½p	
§	pt/pd	5/5	310p	267p	Enterprise Fin. '89 Units Var. Call	295p	
100	F.P.	-	105½	104⅞	First Scott. American 11¼pc Db 2016	105⅛	
100p	F.P.	-	99¾	95⅞	Greenall Whitley 10pc Deb 2014	95⅞	
§	Nil	-	7pm	2pm	Guidehouse 8.5pcNetCv Pf 2006	2pm	-2
103.57	F.P.	-	103½	99⅜	LETINVEST 10¼-11¼pc Stepd Db 2012	99½	
-	F.P.	-	100	99⅛	N'wide Anglia 12⅞pc 19.3.90	99¼	-⅛
-	F.P.	-	100	99⅞	Do. 13⅛pc 23.4.90	99⅞	-⅛
£99.1	£25	-	28¼	25	Do. 4.25pc Index-Linked 2024	28¼	
100p	F.P.	-	121p	105p	Sidlaw Grp. 8.5p (Net) Cv Cm Rd Pf	121p	
92.52	£30	-	30⅛	26⅞	Taylor Woodrow 9½pc 1st Mtg Db 2014	26⅞	
97.10	£30	4/5	30⅛	26⅛	Toss Ests. 10¼pc 1st Mtg Db 2011/16	26⅛	-½

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
k72	Nil	-	10pm	6¼pm	Anglo Irish Bank	6¼pm	
30	Nil	-	25pm	16pm	Audio Fidelity 10p	25pm	
9	Nil	-	2½pm	1½pm	Bear Brand	1¾pm	
10	Nil	-	8pm	7pm	§Clogau Gold Mines 10p	7pm	
80	Nil	-	16½pm	1pm	§Costroy Petroleum & Nat. Res.Ir5p	7½pm	-1½
270	Nil	-	38pm	22pm	Devenish (J.A.) 5p	22pm	-2
275	Nil	-	55pm	47pm	EIS Group	55pm	+1
265	Nil	-	44pm	38pm	McLaughlin & Harvey	44pm	+1
550	Nil	-	79pm	62pm	Western Motor	78pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. R Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by tender. § Offered to holders of ordinary shares as a "rights". † Introduction. §Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♦ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings: Apr 24
- Last Dealings: May 12
- Last Declarations: Jul 27
- For settlement: Aug 75

For rate indications see end of London Share Service

Calls in Tusker, Johnson Matthey, Avis Europe, Bula, EFM, Feedex, Poddington, Rich Westgarth, Vista, Ex Co Louis, Corton Beach, AT Trust, Spong, Explaura, AmbR, Eagle Trst, P & O Warrants, Amstrad, Control Secs, Kitson.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*438)	420	29	44	52	11½	16	19
	460	10½	24	31	36	39	43
	500	3½	11	–	70	70	–
Brit. Airways (*190)	160	32	36	–	1½	3	–
	180	15	21	25	6	9	12
	200	5½	12	16	20	21	23
Brit Com (*205)	200	14	21	25	10	12	13
	220	5	11	15	24	24	26
	240	2	5½	–	42	42	–
Beecham (*626)	600	49	73	89	21	28	30
	650	27	47	63	48	55	60
Boots (*287)	260	34	41	48	5	6½	8½
	280	19	29	36	11	15	17
B.P. (*284)	280	19½	24	33	7½	11½	13
	300	9	15	22	19	21	25
British Steel (*83)	70	14½	15½	19½	1¼	3½	5
	80	5½	8¼	13	6	8	9
	90	1½	4½	8	13½	14½	16
Bass (*927)	860	100	132	142	10	12	25
	900	62	95	107	20	30	37
	950	37	65	80	47	50	55
C & Wire (*489)	420	80	85	108	3	10	13
	460	48	63	78	15	18	25
	500	25	42	53	32	37	42
Cons. Gold (*1245)	1200	115	–	–	35	–	–
	1250	90	115	145	70	80	100
	1300	70	100	125	95	115	135
Courtaulds (*318)	280	41	47	53	4½	7	9
	300	24	34	40	11	13	14
	330	7½	18	25	26	29	32
Com. Union (*375)	360	33	40	52	8	14	16
	390	14	24	34	21	28	30
	420	6	12	–	46	50	–
G.K.N. (*363)	330	47	55	67	4	7	11
	360	26	35	46	13	18	20
	390	12	21	30	30	33	36
Grand Met. (*558)	500	76	87	103	4	7½	10
	550	38	51	67	17	22	25
	600	14	26	–	45	48	–
I.C.I. (*1185)	1100	128	145	–	12	26	–
	1150	88	110	147	23	42	45
	1200	58	80	115	47	65	68
Jaguar (*298)	280	31	40	52	7	12	13
	300	19	29	40	13	21	24
	330	7	16	25	34	37	42
Kingfisher (*296)	260	38	44	50	4	5½	8
	280	22	29	37	8½	11	15
	300	12	17	25	18	22	24
Ladbroke (*548)	500	58	77	85	7	12	16
	550	25	44	54	25	30	35
	600	8	22	–	63	65	–
Land Secur (*555)	550	24	42	55	18	23	30
	600	7	20	30	50	58	60
M & S (*164)	160	9	15	18	5½	8	9
	180	2	6½	8½	21	23	24
STC (*316)	280	48	55	66	4	6	9
	300	32	43	53	9	13	16
	330	14	25	35	23	26	28
Sainsbury (*237)	220	21	30	37	4	6	7
	240	9	17	24	14	15	16
Shell Trans. (*406)	360	–	67	75	–	5	6
	390	31	40	53	8	13	15
	420	15	22	33	20	25	26
Storehouse (*172)	160	18	21	26	8	11	13
	180	8½	12½	16	21	24	25
	200	4	7	–	37	39	–
Trafalgar (*376)	330	48	60	66	4	7	10
	360	25	40	46	11	17	21
	390	11	22	28	28	32	38
Utd.Biscuits (*321)	300	28	30	47	8	11	13
	330	12	23	30	23	25	27
	360	4½	12	–	48	48	–
Unilever (*540)	500	55	75	88	4	9	12
	550	24	41	56	23	27	31
Ultramar (*308)	280	44	56	66	7	15	15
	300	30	42	52	15	20	24
	330	14	27	36	32	36	38

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*560)	500	63	86	102	1½	9	18
	550	23	49	69	12	23	34
	600	5	25	44	45	53	63
BAA (*371)	330	45	50	69	1	6	9
	360	17	30	44	5	16	17½
	390	3	13	26	21	28	31
BAT Inds (*536)	500	41	63	77	3	9	15½
	550	9	32	48	21	29	36
	600	1½	14	26	65	65	67
BTR (*360)	330	33	46	53	1	3½	9
	360	9½	25	32	7	13	17
	390	1½	11	19	31	31	33
Brit. Telecom (*263)	240	25	31	–	1	3½	–
	260	8	15	23	3½	10	12
	280	2	6	12	18	22	23
Cadbury Sch (*345)	300	48	58	–	½	2½	–
	330	18½	33	44	2	8	10
	360	3½	16	25	19	20	23
Guinness (*452)	420	36	54	68	2	7	13
	460	11	28	42	16	22	26
	500	3	14	26	48	50	52
GEC (*233)	220	–	22	30	–	7	11
	240	–	11	18	–	17	19
	260	–	3½	10	–	31	32
Hanson (*186)	160	27	29	–	½	1½	–
	180	8½	14	20½	2	5	7
	200	1	5	10½	15	17	18
LASMO (*449)	403	50	65	77	2	10	16
	441	20	42	53	15	27	30
	479	4	24	37	40	50	52
P. & O. (*655)	600	60	85	–	2	7	–
	650	22	52	67	12	20	28
	700	4	25	43	47	50	52
Pilkington (*244)	220	27	31	39	1½	6	8
	240	10	19	28	5	14	16
	260	3	9½	18	19	26	27
Plessey (*264)	240	28	33	37	2	4½	6
	260	12	17	23	6	9½	10
	280	4	8	12	20	21	22
Prudential (*174)	140	36	40	–	1	1½	–
	160	16	22	27	1	3½	4
	180	3	4	14	9	12	15
Racal (*406)	360	48	59	78	1	8	10
	390	23	40	58	6	14	20
	420	6	21	40	20	29	34
R.T.Z. (*513)	460	58	73	–	1	7	–
	500	25	45	63	9	18	27
	550	4	18	30	40	44	50
Scot. & New (*287)	280	15	24	33	4	11	14
	300	5	16	22	14	20	26
Tesco (*160)	140	30	36	39	1	2	3
	160	10	17	24	1½	5	6
	180	2	6	9	14	15	16

Option		Calls May	Calls Sep	Calls Dec	Puts May	Puts Sep	Puts Dec
Vaal Reefs (*$82)	80	6	8½	12	2	4	6
	90	2	4½	6½	9	11	13

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad (*121)	120	10	16	20	6½	9	12
	130	5½	11	16	13	15	16
	140	3	8	11	21	23	23
Barclays (*440)	390	62	73	–	1½	4	–
	420	35	47	56	5	11	12
	460	10	25	32	24	30	32
Blue Circle (*529)	460	68	86	–	3	8	–
	500	38	56	68	12	19	22
	550	13	28	42	36	44	46
British Gas (*180)	160	23½	26½	28	1	3	3½
	180	7½	10½	15	5	10	11
	200	1½	3½	7	21	24	24
Dixons (*149)	130	24	28	–	2½	5½	–
	140	16	21	27	5½	9	12
	160	8	12	18	16	20	22
Glaxo (*1345)	1300	105	160	182	16	29	40
	1350	72	125	150	34	49	59
	1400	44	94	120	58	72	82
Hawker Sidd. (*677)	600	84	103	112	8	20	28
	650	45	70	77	27	32	40
	700	16	47	55	52	59	65
Millsdown (*260)	240	24	33	–	3½	5	–
	260	10	20	27	10	13	14
	280	3½	11	16	26	26	27
Lonrho (*281)	257	32	40	52	5	10	14
	283	16	25	35	15	24	26
	309	8	14	22	36	40	45
Midland Bk (*447)	420	40	50	64	5	12	13
	460	13	26	38	21	30	32
R. Royce (*183)	160	26	33	37	1½	3	4½
	180	11½	19	24	6	9	11
	200	3	9½	14	18½	20	22
Sears (*122)	120	5½	10½	13	6	8	10
	130	2½	6½	9	13	15	16
	140	1½	–	–	22	–	–
THF (*286)	280	18	27	36	7	11½	13½
	300	8	16½	24	18	22	25
Thorn EMI (*670)	600	82	87	–	3	7	–
	650	40	58	65	14	23	27
	700	12	23	38	47	52	57
TSB (*109)	100	12	14	17	2	3	4
	110	5	7	11	5	7	7½
Wellcome (*486)	460	43	62	74	9	15	20
	500	19	39	52	20	33	37
	550	5	–	–	66	–	–

FT-SE INDEX (*2071)

	Calls Apr	Calls May	Calls Jun	Calls Jul	Puts Apr	Puts May	Puts Jun	Puts Jul
1850	223	238	255	–	½	4½	6½	–
1900	173	188	208	225	½	4	10	14
1950	123	145	166	183	1	10	16	23
2000	75	102	125	143	3	17	25	35
2050	32	62	87	108	10	33	41	48
2100	7½	37	62	80	38	55	63	70
2150	2	21	39	55	81	90	95	105
2200	1	10	23	35	131	133	135	138

April 25 Total Contracts 25,404
Calls 16,013 Puts 9,391
FT-SE Index Calls 2402 Puts 5328
*Underlying security price.

House sales help boost Tarmac to £393m

By Andrew Taylor, Construction Correspondent

TARMAC, which vies with Trafalgar House for the title of Britain's biggest construction group, yesterday announced a 48 per cent increase in pre-tax profits, its tenth successive year of profits growth.

Sir Eric Pountain, Tarmac's chairman, said pre-tax profits last year rose by £127.7m to £393.1m during the 12 months to the end of December. Sales increased by 29 per cent from £2.2bn to £2.84bn.

Earnings per share which have risen at an annual compound rate of 20 per cent since 1978, increased by a further 46 per cent last year from 23.5p to 34.3p.

Sir Eric said all of the group's seven divisions had increased profits during the first three months of this year compared with the first three months of 1988.

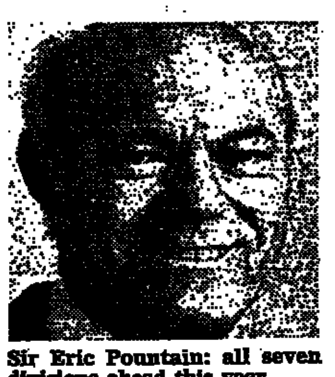
The only division to see a reduction in profits last year was the US building materials business where profits fell by just over a tenth to £41.6m.

This was due to delays in commissioning the Roanoke cement works in Virginia which led to the group having to import cement for last year and cost the group about £12m in lost profits.

Profits were also flat in Texas where construction output fell sharply last year due to the depressed local economy. Sir Eric said the Texan business had improved during the first few months of this year. The company was planning to start housebuilding this year in the US with a couple of hundred homes proposed in the Washington area.

The group's star performer last year was the UK housing division. Profits rose from £102.8m to £209m as operating margins rose to 26.6 per cent, delivering an average return on capital employed of approaching 50 per cent.

The quarry products division increased profits from £72.1m to £86.1m. Sir Eric said profits would have been £5m higher but for the Governmemnt's moratorium last summer on road repair work.

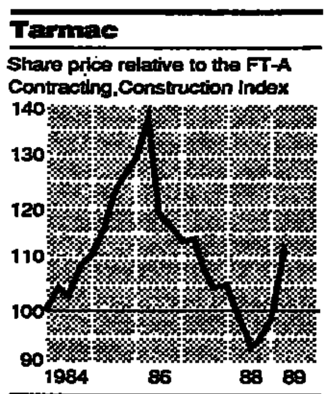


Sir Eric Pountain: all seven divisions ahead this year

The group's quarries produced 50m tonnes of aggregates for the first time last year.

The building materials division which includes Tarmac's tiles, bricks and block businesses increased profits by almost 56 per cent from £16.3m to £25.4m.

The industrial products division increased profits from £25.4m to £29.1. The division now includes the Ruberoid roofing business acquired by Tarmac last November for £143.1m.



Pre-tax profits from contracting rose by 32 per cent last year to £30.8m on a turnover of almost £683m. Order books including project management contracts were approaching a record £1bn, said Tarmac.

Property profits increased from £6.6m to £15.1m.

A final dividend of 7.5p (5.25p) makes a total of 10p an increase of 38 per cent.

See Lex

Tarmac announced yesterday that it had raised £53m from the sale of former Ruberoid businesses which the group acquired when it purchased the roofing company for £141.3m last November.

Details of one of the disposals by Tarmac are expected to be announced today.

Mr Terry Mason, Tarmac's finance director, yesterday also announced plans to revalue Tarmac's mineral reserves of 2.5bn tonnes currently in the group's books at just over £300m.

Mr Mason said he expected the reserves to be worth at least double their present book value. The last revaluation of reserves was four years ago.

The effect of the revaluation would be to reduce Tarmac's gearing which last year increased from 21 per cent to 45 per cent, mainly as a result of the Ruberoid acquisition. But for the Ruberiod purchase, which included £70m of goodwill, Tarmac's gearing would have been about 30 per cent, said Mr Mason.

Racal buys US data group for $57m

By Hugo Dixon

Racal Electronics has agreed to buy Interlan, a US data communications manufacturer, for a cash payment of $57m (£33.5m).

Interlan specialises in making the local area networks which are used to connect computers in offices and other large organisations. The world market for these products is worth over $3bn and is growing at about 30 per cent a year.

Based in Boxborough, Massachusetts, Interlan earned revenues of more than $50m in the year to the end of March 1989 and pre-tax profits of $5.2m. Its net assets are in excess of $14.5m.

The acquisition is part of Racal's strategy of expanding its data communications business both geographically and technically.

When Racal Electronics spun off its mobile communications subsidiary, Racal Telecom, in a partial flotation last year, it said it wanted to use the resources to concentrate on its data communications and security businesses. The purchase of Interlan is the first significant move in this direction.

Racal, which does not itself make local area networks, already sells Interlan's products in the UK. By buying the company, it hopes to reinforce its position as a supplier of both data communications products and services.

Ninety per cent of the purchase price will be paid when the deal is closed, with the balance being paid subject to satisfactory final audited accounts.

Mr Simon Street, an analyst at BZW, said the acquistion would be neutral on earnings and was positive in a long-term strategic sense.

Fidelity closure helps Caparo to quadruple profits to £8.54m

By John Thornhill

CAPARO Industries, the engineering group, announced yesterday it had more than quadrupled pre-tax profits from £2.11m to £8.54m in 1988. The result largely reflected the closure of its loss-making Fidelity television manufacturing subsidiary and the acquisition of Bull Moose Tube, a US tube manufacturer.

The advance was achieved on a reduced turnover of £147.69m (£150.14m). Fully diluted earnings per share leapt from 0.55p to 5.34p and a final dividend of 1.2p will make a total of 2.05p (1.65p).

Mr Swraj Paul, chairman, said the closure of Fidelity had gone smoothly and with better financial results than expected resulting in £3.9m being credited to extraordinaries, including a pre-tax £3.1m gained from the sale of the Fidelity brand name to Amstrad. Caparo's 1987 accounts included a £10.7m extraordinary charge made as a provision for "worst case" closure costs and liabilities. The net extraordinary credit was £3.78m (£10.8m debit).

Bull Moose Tube contributed £900,000 in operating profit for the 10 weeks it was owned by Caparo in 1988. Caparo is expecting a healthy annual contribution from Bull Moose in the current year.

Industrial operating profits were up 36 per cent to £11.2 (£8.1m) reflecting the strong demand in the UK engineering and construction industries and the benefits of Caparo's three year capital investment.

The performance of United Merchant Bar, the Scunthorpe bar producer in which British Steel has a 25 per cent stake, was described as excellent, exceeding planned initial capacity. Caparo's other companies had achieved "very creditable growth", although on a smaller scale to UMB.

Mr Paul said the current year had started extremely well with first quarter profits ahead of the comparable period. There was no indication of any downturn in demand from the industries which Caparo supplies.

"Although the stockmarket sometimes seems to favour companies which have a highly active acquisition profile, we are not allowing ourselves to be seduced by this away from our better value organic growth opportunities," he said.

● COMMENT

Mr Paul declared he was delighted to have caught the Bull Moose, and looking at the projected figures for the current year his enthusiasm becomes understandable. The US company will contribute substantially in the full year, perhaps something in the region of £4m. With the disposal of Fidelity, the company has a more clearly-focused UK perspective and has succeeded in extracting some good performances from its businesses. Yet, because Caparo supplies such a broad range of industries, its future performance will be closely pinned to the general economic climate; and although its current optimism is encouraging, it will certainly not escape unscathed from a hard landing. Pre-tax profits of around £12m look in view, but earnings will be impeded by minority interests, a high tax charge and large interest payments. At a prospective multiple of just under nine, it may look expensive but is probably not so considering the perceived solidity of its businesses and geographical spread.

Peter Black sends out Lambert Howarth offer

By John Thornhill

PETER BLACK, the Yorkshire-based consumer goods manufacturer and distributor, yesterday posted its offer document for Lambert Howarth to shareholders.

When Peter Black announced its bid for the footware and luggage group on April 10, Lambert Howarth rejected the offer as unsolicited and unwelcome.

Mr Thomas Black and Mr Gordon Black, joint chairmen of Peter Black, described the offer price of 160p per share as generous and were critical of Lambert Howarth's past trading performance.

Peter Black's offer values Lambert Howarth at about £9.3m. Lambert Howarth's share price yesterday stood at 199p, giving the company a market capitalisation of £11.2m.

Chemicals side helps Yule Catto rise 27% to £18m

By Philip Coggan

YULE CATTO, the speciality chemicals, building materials and plantations group yesterday reported a 27 per cent increase in preliminary pre-tax profits to £17.8m in 1988.

The main growth came from the speciality chemicals division, where profits grew from £9.79m to £13.18m. The results there were helped by a first full time contribution from Reabrook Holdings, which was acquired in 1987, and by a boom in latex gloves sales, fuelled by the rise of AIDS.

Rising raw materials prices which reduced margins in the first half of the year were able to be passed on to customers in the second half. Over the year, the division's margins were slightly down on 1987.

Profits in the building products division rose from £3.29m to £4.75m, helped by the buoyant state of the construction industry and the acquistion of Kimmenade.

Order books in the main businesses are at record levels.

The agriculture and land division, which owns plantations in Malaysia, was helped by higher commodity prices allowing profits to rise from £741,000 to £2.69m.

Group sales were £202.1m (£150.1m). After tax of £7.89m (£5.62m), earnings per share were 11.7p (10.2p).

The recommended final dividend is 2.2p (1.75p), making a total of 3.8p (3p).

Mr Alex Walker, chief executive, said that "the outlook for 1989 is very promising with a consolidation of our drive into Europe and good organic growth in prospect for all our industrial operations".

● COMMENT

Good figures from Yule Catto which is gradually emerging from its old categorisation as an overseas trader and being recognised as a speciality chemicals company with a growing building products division. The company in its statement says that progress can be maintained "in all but the most severe of economic downturns", and it sees little sign of the threatened UK recession at the moment. The chemicals division managed to ride out last year's raw materials cost increases and its margins appear to be holding up at second half levels; and although it must be doubted whether the construction sector's boom years can continue for much longer, order books in the building products division are strong. If profits top £20m this year, the shares, even after yesterday's 4p rise to 133p, do not look overvalued on a prospective p/e of less than 10.

Delta starts well

Delta, industrial holding company, had made a good start to the current year and profits for the first quarter were well ahead of the same period last year, Mr Geoffrey Wilson, the chairman, told the the annual meeting.

James Neill £1.9m German acquisitions

James Neill, Britain's largest manufacturer of hand and garden tools, is paying £1.9m for two West German garden fork manufacturers.

CG Funcke Sohn and Wilhelm ABT have two-thirds of the West German, Belgian and Dutch markets for garden forks and returned pre-tax profits of £106,000 on sales of £4.9m in the 12 months December 31 last year.

Brent Walker cuts stake in TV-am

Brent Walker and its subsidiary, Goldcrest Group, have cut their stake in TV-am by 500,000 shares, bringing the total held to 6.53m, or 9.9 per cent of the breakfast television company's equity.

This brings Brent into line with Independent Broadcasting Authority rules forbidding any one party from owning more than 10 per cent of an independent television contractor.

Brierley raises Budgens stake

By Nikki Tait

Sir Ron Brierley's IEP Securities continues to pick up shares in Budgens, the medium-sized supermarket group which is currently subject to a recommended £136m bid from Scottish-based food retailer, William Low.

It has acquired a further 2.5m Budgens shares at 150p - just below the Low cash alternative offer price of 154.2p a share. IEP, which now owns 6.25m shares in total - 7.18 per cent of Budgens - already holds just over 10 per cent of Low itself and has said that it is supportive of the merger.

UK COMPANY NEWS

Merged group would dominate tempered steel market

Glynwed merger referred

By Nikki Tait and Philip Coggan

THE £25m merger between Glynwed, the Midlands-based industrial group, and JB&S Lees, which makes and distributes specialist cold-rolled steel products, has been referred to the Monopolies and Mergers Commission.

The reason given for the referral is the possible effect which it might have on competition in the market for hardened and tempered carbon steel strip. The product is used in the manufacture of saws, knives, leaf-springs in cars and the like.

The production of hardened and tempered steel strip is a small part of both groups' operations – 2.5 per cent of Lees's turnover – and sells to a relatively limited market, with many potential customers doing their own hardening and tempering instead.

Nevertheless, Glynwed and Lees are understood to be the only two sizeable UK companies manufacturing this product. Together, they are reckoned to take about 90 per cent of the market – Glynwed about 75 per cent and Lees some 15 per cent – with imports accounting for a further 5 per cent.

Lees, which is based in West Bromwich, employs 330 people and is part of Glynwed's steel and engineering division.

The Office of Fair Trading, in making its recommendation to the Secretary of State for Trade and Industry, is understood to have looked at both the possibilities of increased import competition and the capacity for customers to conduct their own hardening and tempering. However, it appears that these factors were not thought, *prima facie*, to outweigh the significant market dominance of the merged group.

Lees was sold by Quoteplan, a private company formed last year to take over the Cope Allman International businesses in a deal with ADT.

Back in 1986, a proposed £4m bid by Cope Allman for Firth Cleveland Strip also led to a MMC reference, which was not pursued. Instead, shortly after that announcement, Firth was acquired by Glynwed.

"We knew that we might have to go through a referral but the sense of putting the two companies together was so strong", Mr Nick Boucher, Glynwed's group planning manager, said. "Our purpose in buying Lees was not to obtain their share of the market for hardened strip".

Glynwed said it would co-operate fully with the Commission's enquiries.

MMC to look at Portland's acquisition of Alban Comms

THE ACQUISITION of the privately-owned Alban Communications company by Portland Outdoor Advertising Holdings – which is owned jointly by WPP (through its JWT subsidiary), Collett Dickinson Pearce, and its directors – is being referred to the Monopolies and Mergers Commission, writes Nikki Tait.

The reason given for the reference is the possible effect on competition in the provision of services to advertising space on roadside poster sites.

Portland said yesterday that no decision had yet been made over whether the inquiry should be pursued. The deal took place in December, and it maintains that prior guidance from the Office of Fair Trading was sought. Since the deal Portland says that the two businesses have been run quite separately.

They are both involved in the hiring of poster space by the roadside, and essentially act as sub-contractors to the advertising agencies. It is also practice within their industry to hold sites on option.

The reference is understood to be due partly by the combined size of two companies, which are reckoned to take around 45 per cent of the market in hiring poster advertising space – Portland having a marginally larger share than Alban.

In addition, the holding of sites on option is believed to have raised questions about the ease with which new players can move into the business, although there have been a couple of attempts recently. And the fact that the merged group has advertising agency owners also prompted the question of vertical integration.

Aspects of the poster advertising industry have been subject to previous investigations by the MMC, and in this case the merger is believed to have occasioned a number of complaints to the Office of Fair Trading.

Michael Cobham: development costs slightly lower this year

FR at £22m and in £16m purchases

By Clare Pearson

FR GROUP, maker of specialised equipment for the aircraft, energy and electronics industries, matched City forecasts with pre-tax profits up from £22.1m to £22.4m in the year to end-December.

FR also announced yesterday the purchase of four companies for an aggregate £4.6m since the year-end and an agreement reached this week to pay £11m for Linborn, a supplier of aerospace antennae, static dischargers and radio frequency equipment.

Mr Michael Cobham, chairman, said that although FR had, for only the second time this decade, failed to achieve a profits growth of over 20 per cent in 1988, this was nevertheless a year of significant developments both in terms of products and business opportunities.

The proposed final dividend is lifted to 3.6p (3p), making 5.54p (4.62p) for the year. Earnings per share rose by about 5 per cent to 20.53p (19.37p).

Turnover stood at £131.6m (£116.4m). Net interest charge was £4.7m (£5m).

Mr Cobham said he anticipated development costs would be slightly lower this year than in 1988, when own-funded development costs were 60 per cent higher than in 1987, representing about 8 per cent of manufacturing turnover.

The main beneficiary of the expenditure was the air-to-air refuelling equipment which the Flight Refuelling subsidiary is supplying to Douglas Aircraft for installation in the US Air force's KC10 tanker aircraft.

A number of important long-term contracts were secured during the year. The FR Aviation subsidiary, for instance, obtained its first aircraft overhaul contract from the Ministry of Defence for 23 Canberra aircraft over the next five years.

Hymatic Engineering, which suffered a depressed year in 1988, recently sold its depth control system to a US contractor for incorporation in a new underwater buoy development programme.

Aside from Linborn, FR has purchased Air Precision, a French slip ring supplier, for £1.8m; Markbond Westgood, a Dutch ammunition containers supplier, for £1.6m; Strabor, a aircraft seat manufacturer, and Hypresair, an industrial compressor concern, both in the UK, for £1.9m and £100,000 respectively.

• COMMENT

The reaction to yesterday's results suggested FR Group, which made itself unpopular in the City a year ago by failing to come up with the expected organic profits increase, and its prospects, is now being rehabilitated. It is, for instance, world leader in in-flight refuelling systems and a major competitor in the field of remotely-piloted vehicles, both of which are potentially growth markets despite the flat prospects for defence spending. It will not be feeling very much benefit from its long-term contracts in the current year, but the infill acquisitions will have been contributing from day one, so pre-tax profits should rise to about £26.5m putting the shares on a prospective p/e of about 10.5: fully-valued, especially as the chance of a bidder emerging now looks fairly remote.

Advertising buy for Waverley Cameron

By Nikki Tait

Waverley Cameron, the Scottish stationery group which has been moving into new areas in the wake of Mr James Gulliver's arrival as a majority shareholder in 1988, yesterday announced the purchase of RDW Advertising for a maximum consideration of £1.2m.

RDW, which was established in 1979, concentrates on design and promotional work. In the 12 months to end-February 1988, sales were £483,000 and pre-tax profits, £80,000. Net assets were £61,000.

The amount payable for RDW will depend on profits earned in the period to end-March 1992. The sum will be met in four instalments starting with an initial £75,000, followed by a further payment to reflect net asset value at March 1989. These first two instalments will be in cash, and the remaining payments in shares.

Cowie increases Lookers stake

T Cowie, the Sunderland-based motor group, yesterday announced it had increased its shareholding in Lookers, the Manchester-based motor dealer, to 10.77 per cent.

It had previously held a 7.25 per cent stake. Lookers share price rose 9p to 202p.

Crown Comms in line for £10m BBC contract

By Raymond Snoddy

CROWN COMMUNICATIONS, the commercial radio and broadcasting company, is expected to win a television contract worth more than £10m from the BBC.

Discussions are at an advanced stage on plans for Crown to take over the production of Kilroy, the discussion programme presented by former Labour MP Mr Robert Kilroy-Silk.

If it goes ahead, it will be the largest BBC current affairs programme to be let to the independent production sector.

The Government has been insisting that independent producers gain access to at least 25 per cent of Britain's four national television chanels.

Crown controls the London commercial radio station LBC and has stakes in more than a dozen other independent local radio stations.

The company plans to set up its own television studios to make Kilroy and to service its other large television contract – the provision of news for British Satellite Broadcasting, the satellite consortium planning to launch three new television channels in the autumn.

Crown is to provide news across all BSB channels, rather than 8 hours of news on a single channel as previously planned.

The new editor of Kilroy will be Ms Jo Sandilands, former director of programmes at Capital Radio.

Crown plans to expand its presence in television.

UK COMPANY NEWS

QPR sold for £7.7m and discussions open on future of Chelsea and Fulham grounds

Former Mountleigh chief takes control of Marler Estates in share deal worth £83m

By Paul Cheeseright, Property Correspondent

CONRAD HOLDINGS, since last month the corporate vehicle of Mr John Duggan, yesterday took effective control of Marler Estates in a deal which creates a new property company with [illegible] interests capitalised at a little more than [illegible].

One [illegible] that Queens Park Rangers [illegible] ball club [illegible] a cost of £7.7m. The new owner is Mr Richard Thompson, through Thompson Investments, the present QPR chairman. [illegible]

A second immediate by-product is the departure of Mr Robert Noonan, who with the late Mr David Bulstrode built up Marler, and the Marler staff of six. Mr Noonan's service agreements and back salary are being bought out for £2.27m; the value attached to Marler Settled Estates, Mr Noonan keeps this company.

The main deal, however, is a Conrad shares offer for Marler with a cash alternative. Marler shareholders are being offered 18 shares for every 19 held. On the basis of a Conrad share price of 108p, this values each Marler share at 108p, compared with a suspension price on Monday of 98p.

[illegible] New Court has been [illegible] the new Conrad shares [illegible] Marler shareholders at [illegible] each and placing them with institutions. All the main shareholders of Marler, accounting for 71.6 per cent of the equity, accepted the offer and sold their shares to Smith New Court.

The holders involved are Mr Dennis Thompson, father of Richard of QPR, and Thompson Investments, Mr David McErlain's Great Pacific Capital and Mr Robert Kirch's Channel Hotels and Property.

Mr Duggan thus sets out at the head of the merged companies with a fresh set of shareholders. Conrad is issuing up to 75.6m shares which will account for 84 per cent of Conrad's enlarged equity.

John Duggan: plans a broadly based property company

He has been moving quickly. The former Mountleigh chief executive moved into Conrad only last month.

The catalyst for his control of first one company and then of two has clearly been Mr David Thompson. It was the sale of his shareholding that helped Mr Duggan into Conrad and as the biggest shareholder in Marler his acceptance was crucial in allowing Mr Duggan into that company.

Mr Duggan has ambitions to make Conrad-Marler a broadly-based property company. He starts off with relatively small investments in the London area plus the ownership of two football grounds, Chelsea and Fulham. Marler had net assets of £75m on a March 1988 valuation.

The future of Chelsea and Fulham is again in the balance as Conrad has no interest in football management but will clearly want to extract value from the sites. "Conrad intends to enter into discussions in respect of these real estate assets with all the relevant parties," a statement said.

Nor is the future clear for the industrial arms of the original Conrad company. The exhibition contracting side has not been doing well but television scenery making and shopfitting have been profitable. Conrad's largest earner, though, is Cordwell, the speciality retail development company.

Mr Duggan's advisers said yesterday that no decision had been made on whether Conrad would or would not be a pure property company.

Conrad's pre-tax profits for the year to last December were £1.26m compared with £534,866 in 1987. Shareholders will receive a final dividend of 3p, bringing total payments for the year to 4p, against 2.5p for 1987.

All of these developments failed to rouse the stock market. Conrad shares were down 7p on the takeover news to 110p, while Marler slipped 2p to 96p.

CI Group doubles to £6.13m

By Richard Tomkins, Midlands Correspondent

CI GROUP, the Wolverhampton-based steel and engineering products group, more than doubled pre-tax profits from £3.01m to £6.13m in the year to January.

The main factor behind the result was strong industrial demand for the group's finished and semi-finished products, which include steel flats and angles, steel reinforcement bars and mesh, compression mouldings, presses and perforated industrial flooring.

Mr Cedric Grew, chief executive, said: "We keep looking for signs of the downturn that people are talking about, but we see no signs of it. Everybody is still very busy."

Turnover rose by 52 per cent to £59.4m (£39.2m). Mr Grew said about a third of the increase was attributable to organic growth, a third to the five companies acquired during the year, and a third to full-time contributions from acquisitions made during the previous year.

Earnings per share rose by 46 per cent to 5.43p (3.71p) and a final dividend of 1.1p is proposed, making 1.8p (1.375p).

For the first time, CI has provided a divisional breakdown of turnover and profits. The steel division made profits of £3.7m (£2.18m) on sales of £28.3m (£18.3m), and the engineering division made profits of £2.43m (£832,000) on sales of £31m (£20.9m).

In December 1988 CI made its first venture into mainland Europe with the purchase of the Societe Metallurgique de Brevilly steel mill from the French government. Mr Grew said the mill was heavily overmanned by British standards, but productivity would be raised by increasing volume, not shedding labour.

● COMMENT

Luck in the shape of market-led growth has played its part in doubling CI's profits for a second successive year, but the management's role need not be underplayed: the company has taken advantage of favourable conditions to embark on a programme of acquisitions that have improved the quality of the business and left it with a reasonably clear industrial logic. A general economic downturn would still hurt, but not as much as it might have done a few years ago, and in any case, CI is not seeing one yet: its steel division is feeling strong demand from the industrial and commercial construction sector, and the engineering division's order books remain long. The increased share capital and a rising tax charge will hold back earnings growth in the current year, but bullish forecasts of £8m pre-tax will still leave it 10 per cent ahead at 8p. That may be a shadow of last year's 46 per cent growth, but does not warrant a multiple as lowly as yesterday's 8.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Allied Ins §	fin	2.6	July 1	4	2.5	4
Ashley (Laura)	fin	1.5	-	1.5	2.35	2.35
Caparo Inds	fin	1.2	-	0.9†	2.05	1.65
CI Group	fin	1.1†	July 3	0.85	1.8	1.375
Cecil [illegible]	int	4	-	2.5	-	7
Dencora	fin	5.5	July [illegible]	[illegible]	5.5	3
Edinburgh Inv	fin	3.25☆	July [illegible]	2.6	5.4	4.15
Farnell Elect	fin	2.4	July 7	2	4.2	3.5
FR Group	fin	[illegible]	[illegible]	3	5.54	4.62
Gold & Base [illegible]	[illegible]	[illegible]	June 9	0.4	[illegible]	0.4
Hawthorn Leslie	fin	0.25	-	0.25	0.6♣	0.25
Holt (Joseph)	fin	17	-	16	23	20
Ropner	fin	4.25	July 1	4	7.25	7
Sharf Group §	int	1.8	July 7	-	-	1.6
Spear (JW)	fin	2.5	July 3	6	2.5	6
St Ives Group	int	1.25	[illegible]	0.75	-	3
Tarmac	fin	7.5†	-	5.25	10	7.25
Thurgar Bardex	fin	1.65	-	1.5	2.5	2.25
Whatman Reeve	fin	3.5	-	2.8	5	4
Yule Catto	fin	2.2	July 5	1.75	3.8	3*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Special interim dividend. ♣For 16 months. ☆Plus special 0.7pcentenary dividend.

Suspension for Ketson at 23p

By Philip Coggan

SHARES IN Ketson, the marketing and public relations group, were suspended yesterday pending "clarification of the company's financial position and the announcement of proposals for refinancing."

Ketson was formed in 1987 when Mr Walter Dickson, the former president of Mars Europe, moved into Glanfield Lawrence, then a shell company. Under Mr Dickson, Ketson acquired Hampton Group, a sales agency, and Moorgate, a public relations group.

The company's last interim profits showed a 67 per cent rise to £282,000 but the shares, which reached a peak of 151p before the Crash, have fallen steadily over the last six months and were suspended yesterday at their low of 23p.

Ketson would not elaborate on the reasons for its statement yesterday.

EIT assets rise sharply to 232.2p

The Edinburgh Investment Trust achieved a pre-tax profit up from £16.72m to £24.84m for the year ended March 31 1989. Net assets amounted to £665.2m, equivalent to 232.2p (194.8p) per ordinary 25p share.

Mr Ivor Guild, the chairman, commented: "It is encouraging that over the year the share price rose by 28 per cent with a consequential narrowing of the discount which would indicate the growing demand by investors for shares in investment trusts."

A final dividend of 3.25p per share was recommended, making a total of 5.4p (4.15p) for the year. The directors also recommended a special dividend of 0.7p in recognition of the centenary of the trust.

Fergabrook disposal

Fergabrook Group, USM-quoted distributor of consumer merchandise, has completed the sale of the business, assets and certain liabilities of its loss-making security and electrical division and its hardware business to Marplace, a newly-formed company.

Consideration was £501,750 and the proceeds will be used to reduce borrowings. The sale is part of the planned reconstruction of Fergabrook's activities.

Northern Foods

Northern Foods, the food manufacturer, is buying Avana Meat Products from Ranks Hovis McDougall for £10.4m in cash.Avana Meat Products makes pies and pasties which it sells under the Fleur de Lys name, mainly through catering outlets. Its annual turnover is around £13m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Hatfield Estates, Jessups, Memory Computer, Rand Mines Props, Union Carbide, Wade Potteries.

Finals- Bank of Scotland, Brixton Estates, Molynx, Mowlem (John), Redland, Saga, Shiloh, Verson International.

FUTURE DATES

Interims-

Framlington O'seas Inc	Apr. 28
Glasgow Income Trust	May 4
Finals-	
Ambrose Investment Tst	May 9
Appleby Westward	May 18
Bowmaker	May 2
HI-TEC Sports	May 3
Hopkinsons	Apr. 28
LGW	May 2
MIL Research	May 11
Moss Bros	May 2
UPL	May 5

Cosalt jumps 62% halfway

Profits before tax of up by 62 per cent are announced by Cosalt, Grimsby-based ships' chandler and caravan maker, for the half year to February 26 1989.

On turnover ahead from £30.86m to £35.97m, the taxable result emerged at £2.11m against £1.3m.

Earnings per share worked through at 12.06p (8.97p) and the interim dividend is lifted to 4p (2.5p).

UK COMPANY NEWS

Acquisitions help Farnell Electronics to £27.11m

By Vanessa Houlder

FARNELL ELECTRONICS, manufacturer and distributor of electric and electronic equipment, yesterday announced a 5.4 per cent rise in pre-tax profits for the year to January 29.

Pre-tax profits rose from £25.71m to £27.11m on turnover of £136.37m (£111.33m), an increase of 24 per cent.

The pre-tax figure was struck after a reduced interest credit of £1.76m (£2.58m), and a £157,000 loss from its 51 per cent share of Terrafix, a new venture.

Earnings per share increased slightly to 13.5p (13.1p). A proposed final dividend of 2.4p makes a total of 4.2p (3.5p).

Operating profits increased by 10 per cent to £25.51m (£23.15m). After adding back start-up costs, the underlying growth rate of Farnell Electronics was about 15 per cent.

Advance Power Supplies, Wallis Hivolt and Wayne Kerr, the manufacturing companies bought last year, moved into profit and contributed profits of about £700,000. Farnell said it had increased their buying power and production skills.

Start-up businesses in West Germany and Australia cost £1.64m. The Australian business, which is an attempt to replicate the UK distribution business is expected to make profit in the next financial year. The new German distribution business will take two years to break even.

The current net cash balance is £7m. Acquisitions were possible in the manufacturing group, although they were not a priority, said Mr Henry Elstone, group finance director.

● COMMENT

Yesterday's 7 per cent price rise could mark a revival in the popularity of Farnell's shares after their drab performance in 1988. A new, more confident mood about Farnell resulted from the soothing of a number of worries that stemmed from last year's flurry of investment. The new acquisitions have been brought round more swiftly and the start-ups will be profitable more quickly than most people thought. In addition, Farnell could point to the resilience of the 26 per cent margins of its core distribution business. Analysts are now confident these can be maintained over the next couple of years, although some doubts remain about their long-term strength. In the meantime, however, the shares look a little undervalued, particularly given the company's traditional robustness in times of economic uncertainty. Assuming Farnell makes pre-tax profits of £30.5m, the shares at 160p, are on a p/e rating of about 10.5.

Takare gains full listing and raises £21m in cash call

By Clare Pearson

TAKARE GROUP, the nursing home concern operating under the slogan: "who cares wins", has become the first Third Market company to gain a full listing, without changing its corporate form, after an introduction yesterday.

The company has taken the opportunity to raise over £21m via a two-for-five cash call on shareholders as well as an issue of debenture stock. At the rights issue price of 360p Takare is capitalised at £44m.

The prospective p/e on the rights issue shares is nearly 21 on the basis of forecast pre-tax profits of at least £3.1m, up from £1.04m, for the year to end-December. The gross dividend yield is 1 per cent.

Takare plans to increase its number of nursing home beds from 713 to 1,000 by the end of this year, rising to 1,720 by the end of 1990. It specialises in the design and operation of homes for highly dependent patients such the elderly mentally ill or young chronically sick.

The company emphasises that its profits growth so far has been achieved while combining occupancy levels of over 98 per cent with a level of fees that can be met almost entirely by assistance from the Department of Social Security.

This year represented the first opportunity for Takare, which emerged in its present form after a reverse takeover by BP Nursing Homes early in 1988, to gain a listing without its original BES investors forfeiting their tax relief.

The placing will reduce the holding of Mr Keith Bradshaw, chairman, and Mr Deverok Pritchard, managing director, to about 50 per cent of the enlarged share capital.

They, a trust of which they are beneficiaries, and their families, will subscribe for about 29 per cent of the rights issue shares to which they are entitled.

Dencora surges to £8.85m

DENCORA, the East Anglia-based property group, more than doubled pre-tax profits from £4.06m to £8.85m in 1988, which represents an eightfold increase in the past three years.

Earnings per 25p share jumped 87 per cent from 15.2p to 28.5p and the directors recommend a first and final dividend for the year up from 3p to 5.5p.

Net asset value per share also showed significant growth, with a rise from 163p to 253p. The property portfolio now stands at £70m, which includes a substantial surplus arising on revaluation of £14.5m.

The rise in industrial and office values is underpinned by East Anglian rental levels which have risen well above the national average.

Gross rental income grew from £3.71m to £4.4m for the year.

Mr John Laurence, chairman, said the period had seen greater activity in commercial property trading and developments.

He expected Dencora's commercial developments to contribute an increasing proportion of profits in the coming year.

Hawthorn Leslie advances to £4.78m

HAWTHORN LESLIE, USM-quoted electrical and electronics group, achieved a sharp increase in turnover to £127.91m for the 16 months to December 31 1988, compared with £55.22m for the 12 months to August 31 1987.

Pre-tax profit increased by 45 per cent from £3.3m to £4.78m, with each of the group's four divisions – electrical distribution, consumer electronics, printing and packaging and mobile communications – contributing to the increase.

A final dividend of 0.2p was proposed, making a total for the period of 0.6p (1987 – 0.25p). Earnings per share were 1.74p (1.5p).

Much of the increase in turnover came from the acquisition of two cellular telephone companies, ECT Cellular and London Car Telephones, last June.

These acquisitions formed a major part of the company's objective of becoming a broadly based industrial holding company, said Mr Remo Dipre, Hawthorn's chairman.

The mobile communications industry is expected to be one of Hawthorn's major growth areas, with the group now having 37,000 Vodafone and Cellnet subscribers, giving the prospect of substantial and growing income from call charges.

News Digest

REGINA HEALTH

Interim profits ahead 63%

REGINA HEALTH & Beauty Products reported interim pre-tax profits ahead by 63 per cent at £101,000, against £62,000. Further progress was expected in the normally more profitable second half but the full benefit of the investment progamme would not be seen until 1989/90.

Turnover for this USM-quoted company more than doubled to £2.14m (£1m). After increased tax charge of £34,000 (£22,000) earnings per share were 0.3p (0.2p).

Mrs Irene Stein, chairman, said that during the six months the company had invested heavily, including moving into new premises and setting up a new medical research divisiion. In the present half the company had acquired Irish Health and Beauty Products for £250,000 and launched two more premium product ranges.

THURGAR BARDEX

Profits clipped by interest

Thurgar Bardex, the Kettering – based manufacturer of plastic windows and doors, reported a cut in profits for 1988 from £1.81m to £1.7m.

The profit fall was largely attributable to increased interest charges of £984,000 (£489,000). There was also an exceptional debit of £280,000 (nil).

Turnover was up strongly from £23.99m to £36.99m.

Fully diluted earnings per share were down at 3.87p (5.48p). A final dividend of 1.65p was proposed, making 2.5p (2.25p) for the year.

JW SPEAR

Downturn and dividend cut

Despite obtaining an increased share of the home retail market, J.W. Spear & Sons, manufacturer of board games, including Scrabble, experienced a profits downturn of £174,000 to £206,000 pre-tax for 1988.

Earnings per 25p share fell to 2.88p (5.69p) and the dividend for the year is being cut from 6p to 2.5p.

Sales pushed ahead from £9.63m to £11.49m. However, the directors pointed out that the company's improved home market share had only been obtained via substantially increased marketing and promotional expenditure.

Other factors contributing to the profits downturn were the strength of sterling and higher manufacturing costs which were adversely affected by a lower than normal level of activity while an updated version of Scrabble was being brought into production.

The directors' policy for 1989 was to continue to expand sales, although this would require further substantial investment in marketing and promotional expenditure.

SHANI GROUP

Tops £1m at interim stage

Shani Group, the designer, manufacturer and supplier of ladies' and children's fashion separates which came to the USM in May 1988, reported pre-tax profits of just over £1m in the six months to January 31 1989.

That compared with £987,000 last time and was struck on turnover down from £6.4m to £5.6m, a reduction of 12 per cent.

After tax charge of £357,000 (£392,000) earnings per 10p share worked through at an unchanged 4.5p. The directors have declared an interim dividend of 1.6p.

Mr Martin Hollis, chairman, said trading throughout the group had been satisfactory although difficulties experienced by retailers towards the end of the period had resulted in a delay of their intake of new spring and summer stock.

A new division had been initiated for the design and production of lined jackets, he said, the full benefits of which were expected to come through in the next financial year.

ALLIED INSURANCE

Move blamed for profit fall

Allied Insurance Brokers Group blamed relocation expenses for a fall in taxable profits from £480,000 to £331,000 in 1988. Income rose to £3.02m, against £2.69m, a rise of 13 per cent.

Earnings per share for this USM-quoted company were 6.1p (9.2p) and the proposed single final dividend is 2.5p against 4p last time.

The pre-tax figure was struck after an exceptional debit of £60,000

SOVEREIGN OIL

Lower oil prices affect profits

Reduced pre-tax profits of £1.9m compared with £4.7m were reported by Sovereign Oil & Gas for 1988. The result reflected a lower sterling oil price and the reduction in output following the temporary shutdown of the Claymore field.

The average oil price dropped to £8.33 (£10.72) per barrel during the year and directors said that under the circumstances they would not recommend a dividend.

UK COMPANY NEWS

Rosehaugh doubles to £20.1m

By Paul Cheeseright, Property Correspondent

ROSEHAUGH, the expanding property investment and development group recently linked by market speculation to Olympia & York, yesterday announced more than doubled interim pre-tax profits at £20.1m.

The figures were much in line with market expectations and on a day when the property sector performed sluggishly, the shares shed 2p to 659p.

According to its practice of past years, Rosehaugh is passing the interim dividend. In the year to June 1988, shareholders received 1.6p a share.

The half-yearly figures do not present a true picture of the Rosehaugh group, whose aim is to accumulate assets rather than achieve a fast earnings growth.

But the higher level of income, nevertheless reflects the broadening spread of its interests and the fact that projects nursed for several years are now beginning to produce earnings.

Over the whole year Rosehaugh is expected to show a significant growth in net assets. At the end of its last financial year, June 1988, the net asset value per share was 584p. By mid-1989 that figure should be pushed well above 700p.

Pre-tax profits for the six months to last December at £20.09m compare with £9.82m in the 1987-88 first half and earnings per share were 20.89p compared with 14.82p.

Of the pre-tax profits total about a quarter relates to Rosehaugh Stanhope Developments, the joint venture company with Stanhope Properties which is developing Broadgate, the City of London's largest office complex. Although RSD has other large ventures, Broadgate at the moment produces the most revenue.

Godfrey Bradman, chairman: the future is not likely to be as easy as the immediate past

The rest of the group's income has come from subsidiaries which are active across the spectrum of the property industry.

The residential property market has in recent years given Rosehaugh a strong cashflow which it has been able to channel into commercial developments.

This section of the market has boiled over, however, so that the diversification of Rosehaugh's activities assumes an extra importance for earnings in the immediate future.

Mr Godfrey Bradman, the chairman, has warned shareholders that the future is not likely to be as easy as the immediate past, talking of the need for "caution and prudence in the difficult trading conditions which exist in some sections of the market."

Rosehaugh has on its own behalf, or in joint ventures, one of the largest development programmes in the property sector. Its extensive London office interests have given rise to market speculation that it might be taken over by Olympia & York, the Canadian group developing Canary Wharf. O&Y already owns a third of Stanhope Properties.

Boxmore to join USM via placing

By Vanessa Houlder

BOXMORE International, a packaging company, is coming to the unlisted securities market through a placing that values it at £10.8m. Dealings are expected to start on May 2.

CL-Alexanders Laing & Cruickshank is placing 2.28m shares in the company at 100p, which represents 21 per cent of the enlarged share capital.

The company designs, manufactures and markets plastic packaging and printed cardboard cartons for customers in the pharmaceutical, electrical and food industries.

Boxmore made pre-tax profits on continuing activities of £1.57m (£1.34m) in 1988, which puts the shares on a p/e multiple of 8.8 times on a 27.3 per cent tax charge.

A dividend of 5.2p is forecast for 1989, which represents a gross yield of 6.9 per cent.

St Ives pleases the City with 55% acceleration to £13.19m

By David Waller

ST IVES Group, the magazine, book and security printer, yesterday pleased the City with interim profits up 25 per cent from £10.06m to £12.5m before exceptional items.

After taking account of an exceptional credit of £650,000 (debit £1.58m), there was a 55 per cent increase at the pre-tax level, from £8.5m to £13.19m.

Turnover for the six months to the end of January moved ahead by 5 per cent, from £84.55m to £88.8m. Mr Robert Gavron, the chairman, said that after taking account of disposals and exceptional benefits last year from printing privatisation prospectuses, the real growth in sales was 18 per cent.

The interim dividend is being increased by two-thirds, from 0.75p to 1.25p per share. Mr Gavron said this surprisingly high payout was mainly designed to redress the imbalance between interim and final. But he admitted that a more progressive dividend policy was to be expected in future.

The formerly loss-making Norton Opax magazine printing business, bought for a nominal sum in February, was now making a profit. Elsewhere, rationalisation continued apace, giving rise to exceptional costs of £2.2m, offset by disposals of buildings and a business which gave rise to a credit of £2.85m.

● **COMMENT**

St Ives is widely recognised as one of the most efficient companies in the printing sector. In pre-crash days, this meant a heady rating for the shares – but they have subsequently fallen back amid worries that a consumer spending slowdown would hit demand for the sort of products – paperbacks and magazines – which St Ives prints. Yesterday's figures were consolatory in that they showed no sign of a slowdown at all. This factor, combined with the generous increase in dividend, prompted a 3p rise in the shares to 219p. The reason why the shares did not climb further is perhaps that everyone – not least the company – is convinced that the slowdown will come sooner or later. (If it does not, the reasoning goes, that means that Mr Lawson's strategy has failed, with dire consequences for everyone). The company has a strong balance sheet and has invested heavily in cost-paring technology and is thus well-placed to deal with the expected downturn. All this is reflected in the price which – if St Ives makes £27.5m over the full year – implies a prospective multiple of nearly 13.

Ropner rises to £5.25m

ROPNER, the mini conglomerate with interests in engineering, garden products, insurance broking, property development and shipping, reported a 27 per cent rise in pre-tax profits from £4.13m to £5.25m in the year to end-December 1988.

This result was achieved on turnover down from £52.1m to £48.7m and was helped by a cut in operating costs from £47.3m to £43.1m.

The interest charge also fell from £1.8m to £1.6m. After tax of £5.3m (£4.1m), minorities of £21,000 (£15,000) earnings per share rose to 11.9p (9.1p). The proposed final dividend of 4.25p (4p) makes a total for the year of 7.25p (7p). There was an extraordinary debit of £2.1m (£420,000 credit).

Mr Jeremy Ropner, chairman, said that as a result of the sale of Airtech the engineering division had increased profits to £1.09m (£163,000).

The insurance division returned a loss of £269,000 against a profit last year of £97,000, while property also fell to £1.1m from £1.3m last time.

The garden products division finished the year marginally ahead with profits of £2.42m, up from £2.34m, and an improvement in the shipping market resulted in an advance to £2.12m from £1.9m in the shipping division, he said.

Honorbilt in $11m US purchase

Honorbilt, the clothing designer and distributor, is paying up to $11m (£6.47m) for Tomato, a US manufacturer of boys and young mens casual wear with a nation distribution network.

The initial payment will consist of $6.1m in cash and the issue of $500,000 worth of Honorbilt shares to the vendors. A further cash payment of $2m will be pegged to the achievement of profit targets for the current financial year and a final payment of $2.4m in either cash or the equivalent in shares is also tied to profits.

Tomato's net assets at July 31 last year were $2.1m and the unaudited accounts for the seven months to February 28 this year showed pre-tax profits of $1.57m.

MIDLAND BANK plc

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding £250,000,000 Subordinated Floating Rate Notes 2001 (the "Notes") of the above-named Company constituted by a Trust Deed dated 7 May 1986 and by the Deeds supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the *following Resolution which will be proposed as an Extraordinary* Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the outstanding £250,000,000 Subordinated Floating Rate Notes 2001 of Midland Bank plc (the "Company") constituted by a Trust Deed dated 7 May 1986 and the Deeds supplemental thereto all made between the Company of the one part and Pearl Assurance PLC (the "Retiring Trustee") as *Trustee for the* holders of the Notes of the other part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deeds supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. *To attend and vote at the adjourned Meeting*, Noteholders must produce either their Note(s) or voting certificates. To obtain a voting certificate Noteholders must deposit their Note(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Notes of a specified amount and specified serial numbers were deposited with, or to the order of the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Notes and that such Notes will not be released until the earlier of (a) the conclusion of the Meeting or any adjournment thereof or (b) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Noteholder not wish to be present in person he may either deliver his Note(s) or voting certificate to the person he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from any Paying Agent) to the Paying Agent with which, or to whose order, the relevant Note(s) is/are deposited at the time of such deposit being not less than 48 hours before the time for the adjourned Meeting.
4. Special arrangements have been made for Noteholders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Notes for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present, the appointment of The Law Debenture Trust Corporation p.l.c. as *New Trustee* will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. Copies of the Trust Deed, the Deed supplemental thereto and the draft further supplemental Trust Deed together with the Terms and Conditions of the Notes will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) Citibank, N.A., 336 Strand, London WC2R 1HB, United Kingdom (the Principal Paying Agent);
   (b) Citicorp Investment Bank (Switzerland), Bahnhof Straße 63, CH-8021 Zurich, Switzerland;
   (c) Citicorp Investment Bank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg;
   (d) Citibank N.A., Avenue de Tervuren 249, B-1150 Brussels, Belgium.

26 April 1989 — Midland Bank plc

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding U.S. $75,000,000 8¾ per cent. Guaranteed Bonds 1992 (the "Bonds") of the above-named Company constituted by a Trust Deed dated 1 September 1977 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 10.10 a.m. for the purpose of considering and, if thought fit, passing the *following Resolution which will be proposed as an Extraordinary* Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Bondholders") of the outstanding U.S. $75,000,000 8¾ per cent. Guaranteed Bonds 1992 of Midland International Financial Services B.V. (the "Company") constituted by a Trust Deed dated 1 September 1977 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for *the holders of the Bonds of the third part hereby approves the* appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Bondholders must produce either their Bond(s) or voting certificates. To obtain a voting certificate Bondholders must deposit their Bond(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Bonds of a specified amount and specified serial numbers were deposited with, or to the order of the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Bonds and that such Bonds are held by or to the order of such Paying Agent in an account which will be blocked until the first to occur of (a) the expiry of the period of 60 days from the date of the issue of the voting certificate, (b) the conclusion of the Meeting or any adjournment thereof or (c) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Bondholder not wish to be present in person he may deliver his Bond(s) or voting certificate to the person he wishes to attend on his behalf.
4. Special arrangements have been made for Bondholders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Bonds for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. Copies of the Trust Deed, the Deed supplemental thereto and the draft further supplemental Trust Deed together with the Terms and Conditions of the Bonds will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) European-American Bank & Trust Company, 10 Hanover Square, New York, N.Y. 10005, U.S.A. (the Principal Paying Agent);
   (b) Midland Bank plc, 110 Cannon Street, London EC4N 6AA, United Kingdom;
   (c) Amsterdam-Rotterdam Bank N.V., 595 Herengracht, Amsterdam 1001, The Netherlands;
   (d) Société Générale de Banque S.A., 3 Montagne du Parc, Brussels, B-1000, Belgium;
   (e) Deutsche Bank Aktiengesellschaft, Grosse Gallusstraße 10-14, 6000 Frankfurt am Main 1, Federal Republic of Germany;
   (f) Banque Générale du Luxembourg, 14 Rue Aldringen, Luxembourg;
   (g) Société Générale, 29 Boulevard Haussmann, 75009 Paris, France.

26 April 1989 — Midland International Financial Services B.V.

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding U.S. $150,000,000 Guaranteed Floating Rate Notes 1992 (the "Notes") of the above-named Company constituted by a Trust Deed dated 3 June 1980 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 10.20 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the outstanding U.S. $150,000,000 Guaranteed Floating Rate Notes 1992 of Midland International Financial Services B.V. (the "Company") constituted by a Trust Deed dated 3 June 1980 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for the holders of the Notes of the third part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Noteholders must produce either their Note(s) or voting certificates. To obtain a voting certificate Noteholders must deposit their Note(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Notes of a specified amount and specified serial numbers were deposited with, or to the order of the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Notes and that such Notes are held by or to the order of such Paying Agent in an account which will be blocked until the first to occur of (a) the expiry of the period of 60 days from the date of the issue of the voting certificate, (b) the conclusion of the Meeting or any adjournment thereof or (c) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Noteholder not wish to be present in person he may deliver his Note(s) or voting certificate to the person he wishes to attend on his behalf.
4. Special arrangements have been made for Noteholders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Notes for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. Copies of the Trust Deed, the Deed supplemental thereto and the draft further supplemental Trust Deed together with the Terms and Conditions of the Notes will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) European-American Bank & Trust Company, 10 Hanover Square, New York, N.Y. 10005, U.S.A. (the Principal Paying Agent);
   (b) Midland Bank plc, 110 Cannon Street, London EC4N 6AA, United Kingdom;
   (c) Amsterdam-Rotterdam Bank N.V., 595 Herengracht, Amsterdam 1001, The Netherlands;
   (d) Société Générale de Banque S.A., 3 Montagne du Parc, Brussels, B-1000, Belgium;
   (e) Deutsche Bank Aktiengesellschaft, Grosse Gallusstraße 10-14, 6000 Frankfurt am Main 1, Federal Republic of Germany;
   (f) Banque Générale du Luxembourg, 14 Rue Aldringen, Luxembourg;
   (g) Société Générale, 29 Boulevard Haussmann, 75009 Paris, France.

26 April 1989 — Midland International Financial Services B.V.

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding U.S. $150,000,000 11¼ per cent. Guaranteed Bonds 1992 (the "Bonds") of the above-named Company constituted by a Trust Deed dated 1 December 1982 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Bondholders") of the outstanding U.S. $150,000,000 11¼ per cent. Guaranteed Bonds 1992 of Midland International Financial Services B.V. (the "Company") constituted by a Trust Deed dated 1 December 1982 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for the holders of the Bonds of the third part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Bondholders must produce either their Bond(s) or voting certificates. To obtain a voting certificate Bondholders must deposit their Bond(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Bonds of a specified amount and specified serial numbers were deposited with, or to the order of the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Bonds and that such Bonds are held by or to the order of such Paying Agent in an account which will be blocked until the first to occur of (a) the expiry of the period of 60 days from the date of issue of such voting certificate, (b) the conclusion of the Meeting or any adjournment thereof or (c) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Bondholder not wish to be present in person he may deliver his Bond(s) or voting certificate to the person he wishes to attend on his behalf.
4. Special arrangements have been made for Bondholders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Bonds for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. Copies of the Trust Deed, the Deed supplemental thereto and the draft further supplemental Trust Deed together with the Terms and Conditions of the Bonds will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) European-American Bank & Trust Company, 10 Hanover Square, New York, N.Y. 10005, U.S.A. (the Principal Paying Agent);
   (b) Banque Générale du Luxembourg, 14 Rue Aldringen, Luxembourg;
   (c) Midland Bank plc, 110 Cannon Street, London EC4N 6AA, United Kingdom;
   (d) Morgan Guaranty Trust Company of New York, Avenue des Arts 35, Brussels, B-1040, Belgium.

26 April 1989 — Midland International Financial Services B.V.

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding U.S. $200,000,000 Guaranteed Floating Rate Notes 1999 (the "Notes") of the above-named Company constituted by a Trust Deed dated 2 March 1984 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 10.40 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the outstanding U.S. $200,000,000 Guaranteed Floating Rate Notes 1999 of Midland International Financial Services B.V. (the "Company") constituted by a Trust Deed dated 2 March 1984 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for the holders of the Notes of the third part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Noteholders must produce either their Note(s) or voting certificates. To obtain a voting certificate Noteholders must deposit their Note(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Notes of a specified amount and specified serial numbers were deposited with, or to the order of, the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Notes and that such Notes will not be released until the earlier of (a) the conclusion of the Meeting or any adjournment thereof or (b) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Noteholder not wish to be present in person he may either deliver his Note(s) or voting certificate to the person he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from any Paying Agent) to the Paying Agent with which, or to whose order, the relevant Note(s) is/are deposited at the time of such deposit being not less than 48 hours before the time for the adjourned Meeting.
4. Special arrangements have been made for Noteholders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Notes for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present, the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. *Copies of the Trust Deed, the Deed supplemental thereto and* the draft further supplemental Trust Deed together with the Terms and Conditions of the Notes will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015, U.S.A. (the Principal Paying Agent);
   (b) Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg;
   (c) Midland Bank plc, 110 Cannon Street, London EC4N 6AA, United Kingdom;
   (d) Morgan Guaranty Trust Company of New York, Avenue des Arts 35, Brussels, B-1040, Belgium.

26 April 1989 — Midland International Financial Services B.V.

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding Yen 15,000,000,000 Variable Coupon Guaranteed Notes due 1992 (the "Notes") of the above-named Company constituted by a Trust Deed dated 7 January 1987 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 11.10 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the outstanding Yen 15,000,000,000 Variable Coupon Guaranteed Notes due 1992 of Midland International Financial Services B.V. (the "Company") constituted by a Trust Deed dated 7 January 1987 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for the holders of the Notes of the third part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Noteholders must produce either their Note(s) or voting certificates. To obtain a voting certificate Noteholders must deposit their Note(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Notes of a specified amount and specified serial numbers were deposited with, or to the order of, the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Notes and that such Notes will not be released until the earlier of (a) the conclusion of the Meeting or any adjournment thereof or (b) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Noteholder not wish to be present in person he may either deliver his Note(s) or voting certificate to the person he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from any Paying Agent) to the Paying Agent with which, or to whose order, the relevant Note(s) is/are deposited at the time of such deposit being not less than 48 hours before the time for the adjourned Meeting.
4. Special arrangements have been made for Noteholders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Notes for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present, the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. Copies of the Trust Deed, the Deed supplemental thereto and the draft further supplemental Trust Deed together with the Terms and Conditions of the Notes will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) The Industrial Bank of Japan, Limited, 3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100, Japan (the Principal Paying Agent);
   (b) Morgan Guaranty Trust Company of New York, (Brussels Office), Avenue des Arts 35, B1040 Brussels, Belgium;
   (c) Industrial Bank of Japan (Luxembourg) SA, 25 Boulevard Royal, P.O. Box 68, L-2010 Luxembourg.

26 April 1989 — Midland International Financial Services B.V.

MIDLAND INTERNATIONAL FINANCIAL SERVICES B.V.

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding FRF 900,000,000 8¼% Guaranteed Bonds Due 1997 (the "Securities") of the above-named Company constituted by a Trust Deed dated 15 April 1987 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will be held at Midland Bank plc, Poultry, London EC2P 2BX on Thursday 11 May 1989 at 11.20 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Security holders") of the outstanding FRF 900,000,000 Guaranteed Floating Rate Notes Due 1997 and the outstanding FRF 900,000,000 8¼% Guaranteed Bonds Due 1997 of Midland International Financial Services B.V. (the "Company") constituted by a Trust Deed dated 15 April 1987 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for the Security holders of the third part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Security holders must produce either their Security(ies) or voting certificates. To obtain a voting certificate Security holders must deposit their Security(ies) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Securities of a specified amount and specified serial numbers were deposited with, or to the order of, the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Securities and that such Securities will not be released until the earlier of (a) the conclusion of the Meeting or any adjournment thereof or (b) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Security holder not wish to be present in person he may either deliver his Security(ies) or voting certificate to the person he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from any Paying Agent), to the Paying Agent with which, or to whose order, the relevant Security(ies) is/are deposited at the time of such deposit being not less than 48 hours before the time for the adjourned Meeting.
4. Special arrangements have been made for Security holders holding in Euro-clear or CEDEL to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Securities for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. *Copies of the Trust Deed, the Deed supplemental thereto and* the draft further supplemental Trust Deed together with the Terms and Conditions of the Securities will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) Société Générale Alsacienne de Banque, 15 Avenue Emile Reuter, P.O. Box 2108, L-2420 Luxembourg (the Principal Paying Agent);
   (b) Société Générale, 60 Gracechurch Street, London EC3V 0HD, United Kingdom;
   (c) Société Générale, 16 Rue des Corraterie, 1206 Geneva, Switzerland;
   (d) Société Générale, 29 Boulevard Haussmann, 75009 Paris, France;
   (e) Société Générale Alsacienne de Banque, 72 Rue Royale, 1000 Brussels, Belgium.

26 April 1989 — Midland International Financial Services B.V.

MIDLAND MONTAGU AUSTRALIA LIMITED

(formerly Midland International Australia Limited)

NOTICE IS HEREBY GIVEN that a Meeting of the holders of the outstanding A. $50,000,000 13¼ per cent. Guaranteed Notes Due 1990 (Payable in U.S. dollars) (the "Notes") of the above-named Company constituted by a Trust Deed dated 5 August 1985 and by a Deed supplemental thereto convened for 13 April 1989 was adjourned through lack of a quorum. The adjourned meeting will *be held at Midland Bank plc, Poultry, London EC2P 2BX* on Thursday 11 May 1989 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the said Trust Deed as amended:

EXTRAORDINARY RESOLUTION

"THAT this Meeting of the holders (the "Noteholders") of the outstanding A. $50,000,000 13¼ per cent. Guaranteed Notes Due 1990 (Payable in U.S. dollars) of Midland Montagu Australia Limited (the "Company") constituted by a Trust Deed dated 5 August 1985 and a Deed supplemental thereto both made between the Company of the first part Midland Bank plc of the second part and Pearl Assurance PLC (the "Retiring Trustee") as Trustee for the holders of the Notes of the third part hereby approves the appointment of The Law Debenture Trust Corporation p.l.c. (the "New Trustee") as sole Trustee of the said Trust Deed and the Deed supplemental thereto in place of the Retiring Trustee, and authorises and empowers the Retiring Trustee and the New Trustee to concur in and execute a further supplemental Deed embodying such appointment in or substantially in the form of the draft produced to the Meeting and for the purpose of identification subscribed by the Chairman hereof."

1. To attend and vote at the adjourned Meeting Noteholders must produce either their Note(s) or voting certificates. To obtain a voting certificate Noteholders must deposit their Note(s) at any time with, or to the order of, any Paying Agent not later than 48 hours before the time fixed for holding the adjourned Meeting.
2. Such voting certificates will state that on the date thereof Notes of a specified amount and specified serial numbers were deposited with, or to the order of, the Paying Agent issuing the same, that the bearer of the voting certificates is entitled to attend and vote at the Meeting or at any adjournment thereof in respect of such Notes and that such Notes will not be released until the earlier of (a) the conclusion of the Meeting or any adjournment thereof or (b) the surrender of such voting certificate to the Paying Agent which issued the same.
3. Should a Noteholder not wish to be present in person he may either deliver his Note(s) or voting certificate to the person he wishes to attend on his behalf or give voting instructions (on a voting instruction form obtainable from any Paying Agent), to the Paying Agent with which, or to whose order, the relevant Note(s) is/are deposited at the time of such deposit being not less than 48 hours before the time for the adjourned Meeting.
4. Special arrangements have been made for Noteholders holding in Euro-clear or *CEDEL* to vote.
5. The quorum for the passing of an Extraordinary Resolution at the adjourned Meeting is two or more persons holding or representing in aggregate not less than one-third of the principal amount of the Notes for the time being outstanding. If within 20 minutes from the time appointed for the adjourned Meeting a quorum is not present the appointment of The Law Debenture Trust Corporation p.l.c. as New Trustee will by virtue of the provisions of the supplemental Deed dated 9 March 1989 thereupon become effective.
6. Copies of the Trust Deed, the Deed supplemental thereto and the draft further supplemental Trust Deed together with the Terms and Conditions of the Notes will be available for inspection during normal office hours at the offices of the Paying Agents, particulars of which are set out below:
   (a) The Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD, United Kingdom (the Principal Paying Agent);
   (b) Chase Manhattan Bank Luxembourg S.A., 47 Boulevard Royal, Luxembourg;
   (c) Chase Manhattan Bank (Switzerland), 63 Rue du Rhone, 1204 Geneva;
   (d) Banque Bruxelles Lambert S.A., Avenue Marnix 24, Brussels 1050, Belgium.

26 April 1989 — Midland Montagu Australia Limited

Hazard of getting a name for good work

By Michael Dixon

IT SEEMS a fair bet that few groups of people anywhere have their names on more headhunters' lists than readers of this column. So you collectively have a high chance of figuring, perhaps unwittingly, in a high-tech gimmick now starting to invade Europe's job markets from the United States.

An increasing number of self-styled consultants, although they'd be better called executive-hawkers, are talking themselves into employers' offices where they arrive with a portable computer. They tap into it the various requirements of a job the employer wants filled and, hey presto, names and career records of suitable people appear on the screen.

Which raises questions of whose names they are, and from where do the hawkers obtain the data. And while the conjured-up candidates will often be folk who have asked recruitment agencies to circulate their records widely to employers, that is evidently not always so.

It seems there is now a growing market in lists of good performers in various types of work. Sources from which such information can be bought, I hear, include some of the free-lance researchers who track down prospective candidates for specific jobs on behalf of executive-search consultants.

Hence, just by gaining a reputation for good work, people risk having their names electronically bandied about without their knowing, perhaps to their detriment.

In such cases the hawker would be breaking the law, at least in Britain. The Data Protection Act requires anybody using computerised information on people to tell them what is done with it. The position may differ in other European countries. While most of them — unlike the US — have comparable laws, the details vary.

But no matter what the legal remedies, preventive action is surely better. If readers become aware that their record is in the hands of a headhunter, let alone when they place it there themselves, they would do well to obtain a written agreement on the uses to which the data may be put.

Upturn

NOW to a clutch of openings for finance specialists which suggest that confidence in their sector has perked up. All are offered by recruiters who, being forbidden to name the employer, promise to honour requests not to be identified to their clients at this stage. Unless I state otherwise, the posts are in the City of London and the perks generous accordingly.

The first two recruits are sought by Tony Justin of Acumen Associates (3 Cork St, London W1X 2LQ; tel 01-287 0747, fax 01-734 8821.)

One is corporate finance director for a merchant bank of joint UK and US ownership, who will be responsible for teams working on mergers and acquisitions, management buy-outs and such. Besides being good leaders, applicants must have negotiated mergers of big companies, preferably at international level.

Salary around £125,000 with bonus guaranteed to add at least a quarter as much again.

Mr Justin's other quarry is a finance director for a US group's subsidiary making specialised materials for the construction industry. The base is Richmond in Surrey.

Although responsible for all financial management, the newcomer will have a supporting manager looking after the control aspects of the work and will personally be concerned mainly with the forward-looking aspects. There will be much contact with the chiefs of the half-dozen operating divisions in Britain, and a role advising on developments overseas, particularly in the Far East.

So candidates need proven commercial nous as well as deep technical understanding of financial management.

Salary about £45,000 with bonus and car among perks.

Mixed pair

ANOTHER corporate finance manager expert in mergers and acquisitions is sought by David Williams to set up an M&A section for a US bank. Salary upwards of £60,000.

His colleague Christopher Wingfield is looking for a chief dealer to run the foreign-exchange dealing room of an overseas bank newly arrived in London. Salary indicator £85,000.

Inquiries to Williams and Wingfield, 125-129 Middlesex St, London E1 7JF; tel 01-623 9493, fax 01-829 0052.

Top spots

TWO senior spot dealers, one in dollars-marks and one in dollars-sterling and both adept in instant "intraday" trading, are wanted by Dudley Edmunds of the Roger Parker Organisation for an international bank. Each will head a small team trading in their currency.

As well as having dealt sucessfully for a market-making organisation and being used to taking large positions, candidates should have managerial experience.

Salary negotiable from £85,000, plus unlimited bonus on results.

Inquiries to 231 Shoreditch High St, London E1 6PJ; tel 01-247 7632, fax 01-247 1411.

UK equities

RECRUITER James Jarratt seeks three London staff for a British securities concern.

One is an experienced ace in selling UK equities to institutions. Salary up to £100,000.

The other couple are UK equities analysts with at least two years success in the fields of leisure; food, drink and tobacco; and insurance. Salary range £35,000-£55,000.

Inquiries to Jarratt, Selleck and Johnson, 114 Temple Chambers, Temple Ave, London EC4Y 0DT; tel 01-936 2039, fax 01-583 1075.

Property

A CHARTERED surveyor with financial expertise gained in the City is wanted by headhunter Richard Robinson of Cripps, Sears and Partners to set up and run a joint venture business investing on clients' behalf in property developments of various kinds throughout the United Kingdom.

The prime task will be to initiate property deals, assembling appropriate financing arrangements, and negotiate them through to completion. But candidates should also have the skill not only to manage the present small team but to build on it as the business grows.

Salary around £45,000 with profit share.

Inquiries to 71 Kingsway, London WC2B 6ST; tel 01-404 5701, fax 01-242 0515.

Marketing head

A MARKETING director to sharpen the sales promotion of the British arm of a worldwide financial services group is sought by Theo Stegers of Recruitment Matters. The newcomer will be expected to refine the selection of media for advertising and otherwise increase the effectiveness of ads and promotional efforts.

Candidates should have senior success in like work, although not necessarily in financial services, and be persuasive and competitive in attitude. Foreign language skills a help.

Salary to £75,000 plus profit share.

Inquiries to 15 Great Easter St, London EC2A 3EJ; tel 01-377 1600, fax 01-377 1801.

SMITH·KEEN·CUTLER

CORPORATE FINANCE EXECUTIVE

Birmingham — **Excellent Salary, Incentives+Benefits**

Smith Keen Cutler Limited is a major provincial firm providing stockbroking and associated services to an ever-expanding base of corporate clients.

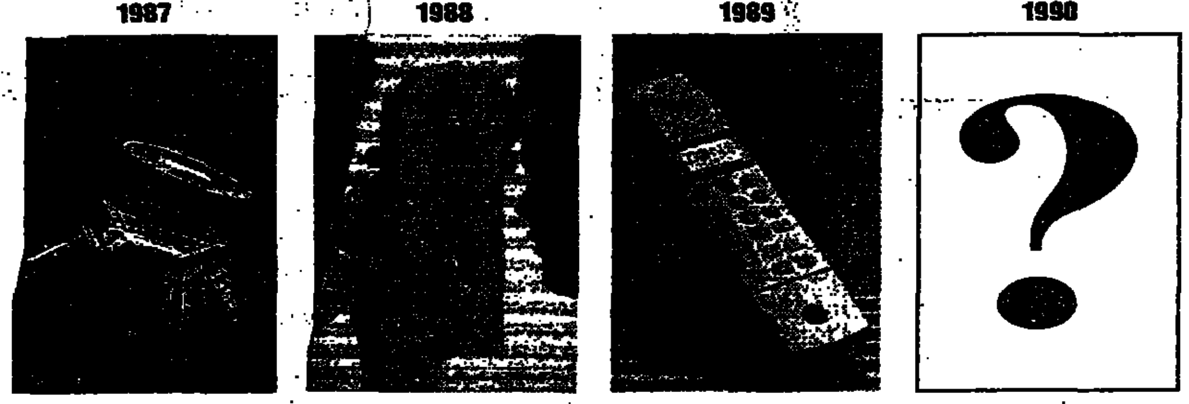
The Corporate Finance Department is engaged in an on-going programme of development and growth, building upon its reputation for professional service and continuing to act upon recommendations from firms of Solicitors and Accountants, in addition to its extensive connections as a member of the Midland Bank Group. In line with this strategy, Smith Keen Cutler are looking to appoint an additional Corporate Finance Executive. Responsibilities are many and varied, encompassing all areas of today's corporate finance market.

Successful candidates from either a stockbroking, banking, accountancy or legal background will need to demonstrate commercial acumen, excellent communication skills and the ability to achieve significant business growth and client satisfaction. Work load will obviously cover flotation, rights issues, business plans and the many alternative methods of fund raising. In return for commitment and a significant personal contribution, Smith Keen Cutler offer excellent promotion prospects, coupled with a negotiable salary dependent on experience, a first-rate benefits package including car, mortgage subsidy and group profit sharing scheme.

Please apply in writing, with full career history, quoting reference *B/192/89* to *Steven French*.

KPMG Peat Marwick McLintock
Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL.

Technology



1987	1988	1989	1990
Robot Turret IBM	Pulsair Tonometer Keeler Limited	Cordless Telephone Ferranti Plc	radio communications? non-impact printing? medical diagnostics?

CREATING NEW PRODUCTS

Technological Entrepreneurs

Cambridge — to £40,000 + car

The opportunity to take your first interest in science and technology into the real world of making profits from new business opportunities, is unusual. To be able to do this within a truly interdisciplinary, global enterprise, freed from the everyday constraints of conventional line management, is even rarer. Yet, for entrepreneurial science-based, general management contenders, this is exactly the challenge that PA can offer.

From our long-established laboratories in Cambridge and Princeton, USA, we work with blue-chip clients worldwide, transforming a vision of tomorrow's technology into today's successful products. For the Pulsair tonometer development illustrated above, we have just won the Queen's Award for Technological Achievement.

Through highly innovative teams made up of scientists, engineers *and business consultants, we are addressing the strategic business* issues associated with new-technologies, decreasing product life-cycles, new manufacturing techniques, and global marketing. This background offers a unique opportunity to fulfil your career and our business development aspirations.

If you have an upper second or first in a science-based degree, are aged 30-40 and on the fast-track in technical or general management, then you should review the options that PA can offer. We are the *leading international management and* technology consultancy, fast growing and dynamic, and targeted for public flotation in the next few years. We can offer unrivalled opportunities for challenge, reward and individual development in an exciting environment.

For more information, please send a full cv or write or telephone for an application form to Ivor Harland, Ref. 3185/IH/FT, PA Consulting Group, Hyde Park House, *60a Knightsbridge, London SW1X 7LE.* Tel: 01-235 6060. Fax: 01-823 1803.

PA is an equal opportunity employer.

PA Consulting Group
Creating Business Advantage

Investor Relations Manager

Hong Kong

The Hongkong and Shanghai Banking Corporation is a major and fast growing financial service organisation. With its Head Office in Hong Kong, it has 1300 offices in 50 countries.

HongkongBank is looking for an Investor Relations Manager for its Head Office Group Public Affairs Department in Hong Kong. The successful candidate will join a small team responsible for investor relations, press relations, presentations, speeches and, from time to time, other public affairs activities. The Investor Relations Manager will concentrate on investor relations, but will help in all other parts of the department's activities.

Candidates should be in their late 20s or early 30s and have a good degree, preferably in economics, law or accounting. A formal accounting qualification is not necessary. Numeracy and a familiarity with accounting concepts are essential as is the ability to write fluently, argue persuasively and show tact and diplomacy. Personal qualities and educational background are more important than a background in public affairs; the successful candidate could be working in a different field altogether.

Employment will initially be on the basis of a two year contract. The expatriate benefits package includes a tax paid salary unlikely to be less than HK$312,000 p.a., fully furnished accommodation, 25% gratuity, a housing loan in your home country at a preferential rate, six weeks' annual leave, and allowances for leave travel, and for children's education and holiday passages.

Please apply by sending a full curriculum vitae to:

Patricia Coulson
Manager International Recruitment
HongkongBank
99 Bishopsgate
London EC2P 2LA

HongkongBank
The Hongkong and Shanghai Banking Corporation

Appointments Advertising appears every

Monday	Legal Appointments
Wednesday	General Appointments
Thursday	Accountancy Appointments

SENIOR CORPORATE SALES EXECUTIVES:– REAP THE REWARDS OF YOUR PROVEN SUCCESS

£30-50k + Substantial Benefits inc. a profit related bonus

Having successfully built up and established our corporate customer base within Scandinavia we are now looking to consolidate for expansion. To achieve this we are recruiting a number of additional high calibre treasury sales professionals.

2+

These are high profile roles for business-generators. Successful applicants will focus either on the development of our European and Scandinavian business, or will be involved in the setting up and establishment of a strong UK market presence. It is essential, therefore, that candidates can demonstrate experience of on-the-road marketing in either Scandinavia, Europe or the UK. Preference will be given to individuals with previous dealing or trading experience who have proven themselves in dynamic sales and marketing roles.

We trade actively across the range of FX, Money Markets and derivative Capital Markets products. Candidates should be conversant with most, and have an in-depth knowledge of at least some.

2

We also have a requirement for staff to work on our Sales Desk in support of these activities. Here we seek individuals who have the experience and potential to graduate to an active marketing role.

If you think you can contribute to our continued growth and success, please write, enclosing a full C.V. giving career details, age and present salary to:

Ken Driver
Manager – Group Personnel
Scandinavian Bank Group
2-6 Cannon Street
London
EC4M 6XX

or call on 01-236 6090 (daytime) or 01-647 5443 (evenings.)

Scandinavian Bank Group

Member of TSA and AFBD

The art of British banking Scandinavian style.

Eurobond Sales

Our client is the merchant banking arm of a major international bank. As part of a systematic programme of expansion they seek exceptional bond professionals to join their existing team.

Candidates should be graduates in their mid to late 20s and have a proven record of achievement and market recognition with institutional counterparts in either France, Germany or the Far East. Fluency in one or more foreign languages would be a major advantage.

The remuneration package will be structured to attract suitable candidates, who are unlikely to have less than three years multi-currency experience.

Applicants should contact **Nick Bennett** on **01-831 2000** or write to him at **Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

SENIOR BANKER

Head of New West End Branch – Knightsbridge

Hill Samuel Bank Limited, one of the country's leading Merchant Banks is expanding its corporate banking network in the West End of London, and our office in Knightsbridge is due to open shortly.

We are now seeking a high calibre banker to be appointed as Senior Manager who will play a key role in the development of this important branch.

Probably in your early 40's, you will have a significant number of years' banking experience, either with a clearing bank or merchant bank and will have all of the qualities needed to help develop and deliver a comprehensive service to a wide range of corporate clients.

Promotion prospects are exciting and your remuneration package will consist of a high basic salary, performance related profit share, car, non-contributory pension and other benefits expected within the banking sector.

Please apply in strict confidence, enclosing a detailed c.v., to: R.C.G. Gardner, Director of Personnel, Hill Samuel Bank Limited, 100 Wood Street, London EC2P 2AJ.

HILL SAMUEL
MERCHANT BANKERS

A member of the TSB Group.
A member of The Securities Association

GROUP PENSIONS MANAGER

Birmingham **c£30,000 + car**

Our client is a leading specialist retailer with more than 1,200 outlets. It has expanded rapidly in recent years both organically and by acquisition.

The pensions department provides an in-house management service to Group companies. As a result of the acquisitions, there are currently a number of schemes in operation and there is a need to improve and develop the Group's pensions administration and procedures.

The person appointed will be involved in the integration of the schemes' administration, will implement agreed policy changes, give guidance to members and pensioners and liaise with trustees and senior management.

Essential requirements are an up to date knowledge of all aspects of pensions legislation, computer literacy and strong inter-personal skills. This is an opportunity to join an exciting and innovative organisation in a challenging role.

Please write in confidence with career details, quoting ref. R5061, to Anne Routledge.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

EUROPEAN DIRECTOR
Corporate Accounts

PARIS **SUBSTANTIAL PACKAGE**

Our client, ranked in the top 10 largest insurance and financial services corporations in the world, has recently restructured their substantial European operations to establish a genuinely Pan-European company servicing the financial needs of a number of specific customer groups.

Their philosophy has made them market leaders, particularly in providing employee benefits and financial products to national and multinational companies alike.

They now seek to appoint an outstanding industry professional as European Regional Director to meet the challenge of profitably developing their employee benefits and group pensions products for multinational and local firms in over ten European countries.

The ideal candidate will be a results orientated Manager with a proven record in employee benefits and pensions sales with bottom line management accountability. An entrepreneur whose management style will readily complement their unique corporate environment. Fluency in English and another major European language is essential.

An excellent expatriate package is offered including a high basic salary, performance related bonus, housing, company car and the benefits one would associate with an international corporation.

Telephone or write to Peter Bray for an initial confidential discussion.

PETER BRAY ASSOCIATES
EXECUTIVE SELECTION
3 BLAKE HOUSE · ADMIRALS WAY · WATERSIDE · LONDON E14 9UF · TELEPHONE 01-538 5141

FINANCIAL RECRUITMENT CONSULTANTS

Jonathan Wren Executive

Since its launch at the beginning of the year, Jonathan Wren Executive has been so successful that we are recruiting an additional consultant. Much of our growth has been within Fund Management, Capital and Equity Markets, and we are looking either for a consultant with experience in these areas, or for an investment banker with the entrepreneurial and interpersonal qualities we seek.

As part of the City's premier recruitment consultancy, you will have access to unequalled resources to assist you in building a highly professional and well-rewarded career.

For further details, please call Roger Steare
Director of Executive Recruitment on 01-623 1266

Jonathan Wren Accountancy

As a result of continuing expansion, we wish to appoint a further consultant from a sales or an accountancy environment for our Ludgate Circus office. Assuming you are highly motivated and commercially astute with a desire to succeed, you will enjoy genuine career prospects with an excellent remuneration package.

Please contact Hazel Price, Director of Operations on 01-489 8824

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

Appointments Advertising
appears every Monday
Wednesday
Thursday

Galileo has been formed by ten of the world's major airlines. Our aim is to develop the most competitive and sophisticated computerised transaction management system available anywhere in the world. This system will eventually run on twelve IBM 3090 mainframes, process over 700 transactions per second and operate on over 100,000 terminals across Europe within five years.

VICE-PRESIDENT, INFORMATION SYSTEMS OPERATIONS

£75,000 Negotiable + Benefits

Based Southern England **Full Relocation**

Reporting to the Chief Executive, the appointee will be responsible for the management and running of one of Europe's largest Data Centres. The successful candidate for this position should possess a solid business awareness and the creative vision to function effectively in a fast moving and ever changing environment. Flexibility and adaptability are prime attributes as is the ability to take a global perspective on the business needs to ensure commercial success.

Ideal candidates will have experience of managing large, sophisticated computing facilities which include multiple processors with international networking, preferably gained in a transaction management environment eg: Credit Cards or large Travel Companies. You will be a competitive individual with a will to win and the ability to look at technology for its impact on the business. You must be able to demonstrate achievements and the manner in which they have contributed to the success of your current environment.

Please telephone or write to the Recruitment Director, **Resources International Plc**, enclosing an up-to-date and comprehensive CV and quoting the Advert ID number 109/07/1001/76/4. Alternatively, phone **01-388 4252** until 10pm each evening or **01-388 8366** late evenings or weekends. All correspondence will be treated in the strictest confidence and will be acknowledged promptly.

We welcome applications from outside the UK as interviews will be held in both London and Europe.

RESOURCES INTERNATIONAL PLC
10 Fitzroy Square, London W1P 5HA

GALILEO

UK Corporate Lending

traditional products, entrepreneurial outlook

This Triple A rated European Bank has seen dramatic growth in the UK lending area, particularly in servicing medium sized corporates. Sound lending principles and professionalism are paramount, but success has been achieved by applying an innovative, creative approach. Lines of communication are short and effective, leading to a swift decision-making process.

To cope with continued expansion we are looking for an experienced lender, probably in his or her early thirties, with a career progression which ideally encompasses Clearing and Merchant Bank backgrounds. *An ACIB qualification would add weight to applications.* First class technical abilities in the construction of deals are taken as read along with marketing skills; essential personal qualities include drive, resourcefulness and enthusiasm.

Career opportunities are first class and are matched by a salary and benefits package unlikely to disappoint the best.

Please send full career details, quoting reference A1641 to **Stewart Henderson** at **Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF** or alternatively telephone *01-287 7007 during the working day or* 0444-73216 in the evenings.

CJH Codd·Johnson·Harris

FUND MANAGER – EUROPEAN EQUITIES

The Opportunity to Move Into European Equity Investment Management in a Top Quality UK Institution.

This position is likely to appeal to candidates with at least three years' equities fund management experience who are interested in developing a career in European investment management. Although experience in European markets would be an advantage, our client is more interested in attracting someone of high calibre who is keen to work in this area, irrespective of their previous area of specialisation.

The position carries full responsibility for the management of unit trust, pension and life funds with a total value of £100 million. With the support of an assistant, your job will involve stock selection, asset allocation, trustee reporting and occasional presentations to prospective clients. As a member of the management team, you will also be expected to play a part in determining the company's overall investment strategy.

The company has international connections, fine investment performance record and an excellent reputation as an employer. The remuneration package includes a comprehensive range of fringe benefits. If you would like to be considered, please telephone **Susan Muncey** on **01-222 7733** or write to her at **John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.**

John Sears and Associates
A MEMBER OF THE SMCL GROUP

CJA RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

CJRA

ECP SALES

CITY **£32,000-£40,000 + BONUS + CAR**

MAJOR INTERNATIONAL BANK, A PRIME NAME IN THE MARKET

We invite applications from candidates who have had experience of selling Euro Commercial Paper in a busy trading room. The successful applicant will join a small professional team within a significant foreign exchange dealing room in the City and will be part of the continued development of the ECP area. A second European language will be useful. Prospects for promotion and career development are excellent. Initial salary negotiable in the range of £32,000-£40,000, plus bonus, plus car and full range of banking benefits.

For this appointment we are particularly keen to hear from candidates in strict confidence by telephone on 01-628 0969 or alternatively in writing, quoting reference number ECP22281/FT, when your reply will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

Subsidiary of Major International Bank Seeks

Head of Sales
Sales Executives

To expand its successful futures funds operations

Applicants should be highly motivated with proven ability to sell to financial institutions and high net worth private clients.

The Company is embarking upon a major expansion of its futures funds operation and seeks sales professionals with a background in futures, equities or related products.

The remuneration package is highly competitive and includes a full range of benefits.

Apply with full CV to: David Elkin, CL-Alexanders Rouse Limited, International House, 1 St Katharine's Way, London E1 9UN.

CL-Alexanders Rouse Limited

A MEMBER OF THE CREDIT LYONNAIS GROUP

هكذا من الأصل

HENLEY THE MANAGEMENT COLLEGE

PRINCIPAL

The College wishes to appoint a Principal in the Spring of 1990 to succeed Professor Thomas Kempner who reaches retirement age next year.

The College, which was founded in 1945, is one of the world's leading management colleges. It has grown rapidly during a period of successful change and expansion and anticipates further significant growth.

The Principal is the academic and administrative head of the College. The Court of Governors, whose Chairman is Denys Henderson, Chairman of I.C.I., seeks to appoint as Principal a person with outstanding leadership qualities and a proven management record in education or business. The College, particularly with 1992 in mind, will seek to assume in the future an increasingly international role. Suitably qualified applicants from both the UK and overseas will be welcome.

Applicants should be over 40. The normal retirement age for this post is 60. An appropriate salary plus other benefits will be paid. Names of referees will be required at a later stage.

Full C.V. should be sent by 31st May to:- Denys Henderson, Chairman, Court of Governors, Henley The Management College, Greenlands, Henley on Thames. RG9 3AU.

Further details of the College and this post may be obtained from: The Principals Office at the same address.

Young clearing bankers move into Project Finance with one of Japan's leading banks. Work as Assistants to Marketing Managers and have the career opportunities to advance to Marketing Manager status.

ACQUISITION/LEVERAGED AND PROPERTY FINANCE

City — **Attractive salaries plus banking benefits**

The Dai-Ichi Kangyo Bank, the largest Commercial Bank in the world, has just moved to its new purpose built office in the City near London Bridge. This expansion means that we are now keen to recruit two professional bankers, aged mid to late 20's, who must have had at least 2 years' credit and marketing experience with a clearing bank or a good quality international bank.

Deputy Manager – Acquisition and Leverage Finance

The successful candidate will have experience in credit analysis and cash flow lending techniques, will be PC literate, reliable, hardworking and a good team player. We will give you full training in acquisition financing products (M&A, MBO, MBI, LBO's).

Deputy Manager – Property Finance

In this role, experience of working with surveyors (for example on the property side of a clearing bank) will be particularly useful as you will quickly become a key member of our property financing team. Important will be the degree of commitment and your ability to react quickly to clients' and potential customers' needs.

For both these appointments you will need to be the calibre of person who will be confident, after training, in advising General Management and Senior Managers on a wide range of special financing techniques. Apart from attractive salaries and bonus there will be a full range of banking benefits.

Applications in confidence should be sent to Clive Sussams, Personnel Manager, The Dai-Ichi Kangyo Bank Ltd., DKB House, 24 King William Street, London EC4R 9DB or telephone him on 01-283 0929.

DKB THE DAI-ICHI KANGYO BANK, LTD
AUTHORISED MEMBER OF AFBD TSA

BRITISH & COMMONWEALTH MERCHANT BANK PLC

British & Commonwealth's substantially capitalised merchant banking group is committed to a programme of both organic and acquisitive growth. As a result there are now two vacancies within the Group.

COMPLIANCE OFFICER

Following recent acquisitions, the Group has built up an extensive network of private client stockbrokers with offices in London, Bristol, Glasgow and the Channel Islands. This expansion has created the requirement for a Compliance Officer for the stockbroking business.

Reporting to the Group Compliance Director, the successful candidate will probably be either a qualified accountant or a lawyer with considerable stockbroking experience. Previous exposure to compliance work and TSA regulations is desirable, but not essential. However, he or she must be able to demonstrate a determined and commercial approach, combined with first class communications skills.

Salary: Circa £30,000 plus car, depending on qualifications and previous experience.

CORPORATE FINANCE EXECUTIVE

In order to expand our London based Corporate Finance team, we are seeking to recruit an energetic and ambitious executive, ideally aged between 22–26. He or she will probably be a recently qualified chartered accountant or solicitor, or alternatively may have several years' relevant experience in the City or industry.

The successful candidate will be expected to take early responsibility within a small but effective team and to be capable of assisting in a wide range of Corporate Finance transactions.

Salary: A generous package reflecting the candidate's qualifications and experience will be offered.

Please apply in writing, in the strictest confidence, indicating the position sought and including a fully detailed CV to:
Michael Robinson
British & Commonwealth Merchant Bank PLC
66 Cannon Street
London EC4N 6AE

Capital Markets

Corporate Finance Documentation

Our client is the investment banking arm of one of the world's largest banks, which is a AAA rated institution with worldwide representation and a blue-chip reputation. The securities and investment business of the London office is internationally based. The team covering these markets is known for its imaginative and innovative approach to investment banking. Transactions lead-managed and booked over recent years consistently demonstrate the team's ability to reconcile borrower needs with investor requirements.

Our client now needs an additional member of staff who, reporting to the bank's General Counsel, will have responsibility for the documentation of public Eurobond transactions. You will liaise closely with originators and syndication specialists and will liaise directly with external counsel. You will also play a part in negotiations with clients over the closing of transactions. As the House continues to grow in size you can expect to work on a broader range of capital markets instruments and can anticipate increasing seniority within this vital function.

We invite applications from candidates with experience of Eurobond documentation and the ability to integrate swiftly. Aged 24 or over, you may already be working in an investment bank or could have gained your skills in a legal environment. You will be a self-starter with the confidence to work unsupervised. You must be a conscientious and highly accurate worker and, above all, must have a professional approach to workload.

The successful candidate will be rewarded with a competitive salary and an attractive banking benefits package. Intetested applicants should contact Mark Hartshorne on 01-831 2000 or write to him at Michael Page City,
39-41 Parker Street,
London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

SENIOR UK ECONOMIST

A key position with Nomura Research Institute

NOMURA SILVER JUBILEE YEAR 1964–1989 LONDON

Nomura Research Institute Europe provides analysis and research services for the securities, fund management and banking activities of the Nomura Group, one of the world's largest and most profitable financial organisations. Our European headquarters in London require a Senior Economist who will not only enhance our presence in the UK markets, but will also initiate and develop new ideas for research products.

The candidate will have responsibility for both short and long term forecasts of the UK economy, currency and bond markets. Working closely with our equity strategists, and assisting European research where appropriate, it is essential that you have the ability to undertake fundamental market analysis and originate commercial ideas. Excellent report-writing and presentation skills are pre-requisites.

You must also be a high-grade graduate economist with a proven record in applying economic theory and producing first-class research material. Having had at least 3 years' experience in a similar role with a major City institution, you will probably be in your late twenties or early thirties.

An attractive salary is offered, together with an excellent benefits package which includes a company car, discretionary bonus, mortgage subsidy, free BUPA and life assurance, and 25 days' holiday.

To apply, please send a full CV together with details of current salary to Rob Ambridge, Personnel Department, 24 Monument Street, London EC3R 8AJ. Alternatively, you may telephone Mark Cliffe, Chief Economist, on 01-626 1086 ext. 2809 for a confidential discussion.

NOMURA

CHIEF DEALER FOREX

We seek a SENIOR SPOT DEALER with at least 5 years experience of dealing on major currencies/cross currencies and proven management skills, gained from within a major player. This is to join a new expanding dealing room. **Salary neg £45-£70,000 plus benefits.**

STERLING/DOLLAR SPOT DEALER

A young, bright (2nd jobber) dealer may be interested to join an active Foreign Exchange dealing operation in an international bank. **Salary neg.**

BIG TICKET LEASING – MARKETING

A blue chip UK Merchant Bank seeks a high calibre graduate banker aged 25-30 years with at least 3 years big ticket leasing/asset finance experience, including negotiating, structuring and closing, high value UK tax based transactions. **Salary neg £30-£40,000 plus benefits.**

CHIEF INTERNAL AUDITOR

Due to the bank's rapidly expanding activities we seek a qualified (ACA/ACCA) who *can ably demonstrate at least 3-5 years audit experience gained with a major bank* and possessing excellent interpersonal skills. Age range c35 years. **Salary c£40,000 plus bank benefits.**

CREDIT MANAGER – CREATIVE

We seek bankers, graduates preferred, aged 30-35 years with extensive experience covering Lending Forex activities and Capital Market products. The ability to provide an added value supportive role to the Bank's marketing team is essential. **Salary neg £30-£35,000 plus benefits.**

OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 01-588 3991. Fax: 01-588 9012

APPOINTMENTS ADVERTISING

For further information call 01-873 3000

Candida Raymond ext 3351

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Patrick Sherriff ext 4627

EQUITY WARRANT TRADER

AGE 20s — **SALARY REALISTIC MARKET RATE**

Major international bank seeks equity warrant trader with 2-4 years' current experience of trading in Japanese equity warrants.

ECP TRADER

AGE 20S — **GOOD REALISTIC SALARY**

Major international bank seeks experienced person who has traded short term paper for a minimum of 2 years.

Both the above positions have been newly created within a highly successful banking team.

Please telephone in strictest confidence Elizabeth Bayford on 01-247 0271

LJC BANKING APPOINTMENTS
Devonshire House,
146 Bishopgate, EC2M 4JX

MONEY DEALER £40,000

Our client, an excellent International Bank, with a strong trading reputation, and a buoyant dealing room, presently wish to appoint a money dealer *to concentrate on European and Sterling currencies*. The successful candidate will have had at least three years relevant experience.

If you wish to discuss this position, or other opportunities within foreign exchange, MM, OBS, please telephone; John Taylor 236-5881 (day) 852-1622(evens).

Christopher Little Consultants Limited

FINANCIAL CONTROLLER

c£38,000 + Banking benefits

We are a UK subsidiary of a respected European Bank and are seeking to recruit an ACA/ACCA aged 35-45 years who can assume responsibility for accountancy, systems, tax and who will be actively involved in the day to day operations. Candidates must have proven banking experience and possess excellent interpersonal skills.

CV to Box A1216, Financial Times, One Southwark Bridge, London SE1 9HL

RATHBONE

Currency Options Sales

Bond Sales

Head of UK Equity Sales

Convertibles (UK)

Equity Sales (UK)

Traded Options Sales

Corporate Financiers (MBA/ACA)

If you have an interest in any of the above sectors please contact Steven Carden and Michael Brennan.

The Rathbone Consultancy
Premier House, 77 Oxford St, London W1R 1RB Tel: 439 1188/287 5705.

FINANCIAL FUTURES OPTIONS TRADER

TO 35 — **HIGHLY NEGOTIABLE**

This well-established broker is seeking to augment their trading staff with an additional team member. Applicants must have had an absolute minimum of one year's experience on the *Liffe* floor and should ideally have a working knowledge of stock index options.

FINANCIAL FUTURES OPTIONS RESEARCH SALES

TO 35 — **NEGOTIABLE**

An interesting opportunity for an experienced individual to join an expanding operation. Candidates must have been performing a similar function within this sector for at least two years and should ideally be of graduate calibre.

JAPANESE EQUITY WARRANT SALES

EARLY/MID 20s — **NEGOTIABLE**

This international securities house currently require a graduate salesperson with a minimum of one year's relevant experience to join their small, but dynamic operation within this sector.

Please telephone in strictest confidence Nick Procter on 01-377 5940 for further information on any of the above positions.

LJC BANKING APPOINTMENTS
Devonshire House,
146 Bishopgate, EC2M 4JX

UK INVESTMENT ANALYST/ TRAINEE FUND MANAGER

Attractive salary + choice of car.

Allied Dunbar Asset Management provides a full range of investment management and advisory services to the companies in the highly successful Allied Dunbar Group. Currently, this involves taking responsibility for over £3 billion of UK equity investments. In response to growth and added responsibility, we're building an Equity Management team within our Asset Management function for which we now require an additional member.

A bright and highly capable graduate preferably in economics or similar finance-related subject, possibly with accountancy training, you will provide essential research back-up on all the UK markets to the Fund Managers. This is a unique opportunity to acquire first-hand knowledge of the UK market in both small and large stocks.

We also expect that the right candidate will make rapid progress from this research role into the position of full Fund Manager, becoming a key member of the investment team.

Probably aged in your mid 20s, a minimum of two years' experience in investment analysis for the UK market, excellent communication skills and a high level of initiative will prove essential. An interest in personal computer applications would also be an asset. We're looking for someone who learns fast, has a disciplined approach to analysis and who can become an effective member of the team.

In return, we offer an attractive salary, in the region of £22,000, plus a good package of benefits including a company car, interest free season ticket loan, BUPA, profit share, non-contributory pension scheme and free life cover.

If you have the skills and potential we're looking for, please send your CV to Janice Hill. Alternatively, ring or write to her for an application form at: Allied Dunbar, 9-15 Sackville Street, Piccadilly, London W1X 1DE. Tel: 01-434 3211.

We are an Equal Opportunities Group. Applications are welcome regardless of sex, marital status, ethnic origin or disability.

ALLIED DUNBAR
PERSONAL FINANCIAL GUIDANCE

EQUITY ANALYSTS £ NEG.
Good house requires a minimum of 2-3 years experience for a German Equity Analyst with a good knowledge of the German Stock market. Fluent German essential. Also a U.K. Analyst to cover any one of leisure, brewing, insurance of international trading. Graduates preferred for both positions. Excellent packages offered for right people. Please call Julie Shelley.

FIXED INCOME SALES £ EXCELLENT
Quality house requires a minimum of 4 years experience of multi product sales to a Benelux client base. Fluent Dutch and excellent contacts are essential for this challenging position. Please call Julie Shelley.

EUROBOND TRADERS
Prestigious houses require Eurobond Traders of high quality, salary completely negotiable. For details please ring Stuart Norbury.

FIXED INCOME SALES
Major house requires multi-currency fixed income sales people with a minimum of 3 years experience combined with a Middle East client base. For further details please ring Stuart Norbury.

JAPANESE WARRANTS TRADER
Quality house requires a Japanese Warrants Trader with a minimum of 2-3 years experience. Good working and educational background essential. Please call Julie Shelley.

EUROBOND TRADER
Japanese Bank requires an experienced trader with DM, Guilders, FFR, ECU, experience, minimum 2 years. A graduate preferred but not essential. Excellent opportunity. Quote reference DF/411.

JAPANESE EQUITY SALES
Japanese securities company seeks a Japanese equity salesman to be the Deputy Head of Sales. The candidate should have 2 years Japanese equity sales experience. Graduate preferred. Top package available. Quote reference DF/255.

EQUITY MARKET MAKER
International Bank requires an enthusiastic trader with sound knowledge of Italian equity markets for its London office. Please ring Stuart Norbury for details.

CHIEF ANALYST (MILAN)
Senior Analyst required for International House in Milan. Good background with major institutions along with a strong ability to present sound Investment Strategy. Must be fluent in Italian. Excellent package offered. For details ring Stuart Norbury.

F.R.N SALES
Good experience required, Canadian $ and US$ selling to Switzerland or Benelux. Very good package for the right person. Please call Richard Ward.

RECRUITMENT CONSULTANT
Due to expansion, we require an additional consultant. Candidate must have 2-3 years recruitment agency experience. Ring Sue Stevens for further details.

EQUITY SALES £ NEG.
International house require an Equity Salesperson to sell U.K. equities to Europe. A European language would be a definite advantage. Ring Sue Stevens for further details.

WARRANT SALES £ NEG
International house require a warrant salesperson with 3-4 years experience. Excellent package will ne negotiated. Ring Sue Stevens for further details.

U.K. CONVERTIBLE SALES
Good experience of convertibles preferably selling into the U.K. Also will look at U.S. convertible sales. Please call Richard Ward.

ECP TRADER
Very good experience in trading ECP's, euronotes etc. Good package for the right person. Please call Richard Ward.

BOND SALES £ NEG
European house require a Bond salesperson with 3-4 years experience, with a strong client base in France. Ring Sue Stevens for further details.

FX CORPORATE DEALERS
Various houses require Corporate Dealers ranging from 1 years experience for Assistant positions to 5 year experience for Senior positions. All candidates should have a good working background along with good product knowledge. Please call Julie Shelley.

ARBITRAGE - GOVERNMENT BONDS
Major investment bank requires an experienced Arbitrage/trader with bunds, guilders, O.A.T.S experience and other government bonds. A graduate preferred. Top package entirely negotiable. In confidence quote DF/142.

EUROBOND SALES - SWEDEN
Top investment bank requires a Swedish national or fluent Swedish speaker to sell fixed income products to Sweden. Must have experience. Graduate preferred. Salary/ package entirely negotiable. Quote reference DF/501.

CAMBRIDGE APPOINTMENTS,

232 Shoreditch High Street, London E1 7HP. Fax No. 377 0887

01-377 6488

MANAGING MONEY TRANSMISSION IN THE UK

Senior City appointment
Association for Payment Clearing Services
c.£65,000 + car + benefits

EFFICIENT MONEY transmission is at the heart of the UK's financial system: APACS is widely recognised as the authority for money transmission in the UK and is the umbrella organisation for those companies providing payment clearing and settlement services.

This new appointment, as Head of Clearing Services, reports to the Chief Executive and is responsible for the co-ordination of all operational aspects of the clearing companies and for the maintenance of effective working relationships between those companies, the major financial institutions who are their members and the industry at large. He or she is expected to have the potential to become a Deputy Chief Executive and will work closely with the Deputy Chief Executive, Strategy and Planning, in shaping the way the payment industry develops in the future.

Candidates will be individuals of breadth and stature with highly developed interpersonal and managerial skills, which are likely to have been developed managing high-level relationships between major institutions — or, perhaps, within government. Banking and financial services, information technology and consultancy are the most likely backgrounds.

The appointment is highly visible within the industry and provides a powerful opportunity to make a significant impact on all matters related to money transmission and clearing services and to be involved, at very high level, in the relationships between the major organisations that make up the industry.

To apply, please send a brief cv, in confidence, to Mike Brown, Executive Recruitment Division, Ref: 3160/MAB/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

APACS
Association for Payment Clearing Services

PA Consulting Group
Creating Business Advantage

Corporate Banking

Managers **To £40,000**

Due to planned expansion, several opportunities exist for experienced bankers to join the UK Corporate Banking Department of this top quality institution. The Department has considerable exposure to a wide range of companies and seeks to generate high income from individually tailored deals. Transactions frequently involve a higher degree of risk and are generally technically complex. Hence the bank seeks accomplished professionals with the ability to source, analyse and structure bespoke corporate banking solutions.

Applications are invited from candidates interested in the role of Assistant Manager or Manager covering the following sectors:

Property
UK Corporates
Financial Institutions

Ideal candidates should be aged 26-34 and are likely to be working in the corporate banking department of a merchant or investment bank. Strong credit skills and a knowledge of UK taxation issues would be particularly attractive as would experience of structured transactions – leveraged, securitised and off-balance sheet financing. The bank would also expect candidates to be able to demonstrate a quality track record of successful client marketing and completed deals.

In return the bank is able to offer both an attractive salary and benefits package and a stimulating and challenging career path.

Interested applicants should contact **Niall Macnaughton or Mark Hartshorne on 01-831 2000 or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

Equity Salesman - Europe

Girozentrale Gilbert Eliott is the London investment banking subsidiary of Girozentrale Vienna, Austria's largest private sector bank. We provide a comprehensive service on Austrian equities (being the only market-maker on SEAQ) and we also service continental institutions on the UK market.

We are looking to add a sales person to our team selling primarily to Austria, Switzerland and Germany. Ideally we are seeking someone with a few years experience of selling UK equities who speaks good German or who has good contacts in these areas.

Please apply with CV to Tony Maybrey, Director, at Girozentrale Gilbert Eliott, Salisbury House, London Wall, London EC2M 5SB or ring him on 01-628 6782 or STX 74899.

ROYAL LONDON

Fund Management Opportunity

The Royal London has total assets under management in excess of £2.5bn, including insurance funds, pension funds and unit trusts. Due to increased funds under management, an addition is being made to the UK fund management team.

From the outset, the successful applicant will be involved in research, stock selection and dealing, and will be expected to be able to fill a position of responsibility at an early stage. The remuneration package will be competitive, including a performance-related bonus, and prospects for rapid career advancement are excellent.

Applicants should be in their early to mid 20s and have at least an upper second class degree. A keen interest in current affairs and good interpersonal skills are essential.

If you are interested, please write enclosing CV to: **M. J. Yardley, F.I.A., Investment Manager, The Royal London, Mercury House, Triton Court, 14 Finsbury Square, LONDON EC2A 1DP.**

Loans Documentation

two superb opportunities

This Triple A rated European Bank has seen a period of dramatic growth and is poised to continue in a similar vein. But front line expansion requires equally professional back-up from the administration function; hence the need to recruit experienced, dedicated loans documentation specialists for the following key posts.

Deputy Manager

Ideal candidates, probably in their mid-twenties/early thirties, will have three to five years' in-depth experience in the preparation and perfection of security documentation covering a wide variety of products mainly, but not exclusively, geared to the corporate market. Ref: A1770.

Assistant Manager

Similar experience of some two to three years' duration, which probably indicates the early/mid twenties age group, will be required to fulfil this role. Ref. A1780.

In both cases the age parameters are flexible and we will not disregard applications from older candidates who can enthusiastically demonstrate the key qualities of painstaking accuracy, people management skills (particularly in the senior position) and the ability to work to strict deadlines in an environment with demanding volumes.

The financial packages have been designed to attract top quality candidates, reflecting the importance placed on the roles.

Please send full career details, quoting the appropriate reference number to **Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF** or alternatively telephone 01-287 7007 for an informal discussion.

CJH Codd·Johnson·Harris

PORTFOLIO MANAGER
EDINBURGH

We are advising a major Scottish Institution in the above appointment. Our client seeks a competitive professional aged around 30, whose post-graduate experience has largely been in an institutional analyst/portfolio management role with a reputable house. The successful candidate will play a significant role in our client's UK Fund Management team and have direct responsibility for the management of a number of funds.

Compensation is by way of a competitive remuneration package and a generous relocation allowance is on offer.

Those who are interested should telephone or write in strict confidence to:

FLETCHER JONES LTD
EXECUTIVE RECRUITMENT

Richard A Fletcher, Managing Director, Fletcher Jones Ltd, 9 South Charlotte Street, Edinburgh EH2 4AS. Telephone: 031-226 5709.

GROUP MARKETING MANAGER

The Renishaw Group is world-renowned for its innovative and sophisticated metrology and associated products, which have achieved world-wide acceptance. We now seek to appoint a seasoned Marketing professional to provide a co-ordinating administrative function within the Group, with an emphasis upon the development of all the Market Strategies, plus the building of the corporate image through exhibitions, publicity and advertising.

Knowledge of the Machine Tool Industry is a critical factor plus a keen appreciation of Advanced Manufacturing and Quality techniques.

The Rewards will be commensurate with the challenge of this new role with the added incentive of joining a fast-developing enterprise with real opportunities for developing your potential.

*If you are interested please apply by enclosing a c.v. or phone for a career history form quoting reference P606 to: **R. S. Roberts, Group Personnel Manager, Renishaw plc, Gloucester Street, Wotton-under-Edge, Gloucestershire, GL12 7DN. Telephone: (0453) 842533.***

RENISHAW

INVESTMENT ANALYST & INSTITUTIONAL SALESPERSON

Henry Cooke Lumsden (HCL), the Manchester based stockbroker with offices in London, Leeds and North Wales is seeking two experienced individuals to join our Regional and Smaller Companies Team: both positions will be based in Manchester.

Investment analyst. We would like to hear from trained analysts who can demonstrate a knowledge of the Chemicals and/or Building and Construction sectors. At least two years' experience is required and applicants must have established company and institutional contacts.

Institutional salesperson. Applicants must be capable of generating original investment ideas and will also have an existing network of institutional contacts with experience of selling analysts' research to these clients.

HCL advises upon managed funds exceeding £2 billion, conducts research on over 200 companies located primarily in Northern England and acts as broker to more than 40 quoted companies. The firm is widely regarded as a leading agency stockbroker - both in and out of the City and currently employs over 200 people.

Salaries for these positions are negotiable and an indication of expected remuneration will be required.

CV's please to Julian Grice (salesperson) and Keith Ashworth-Lord (analyst) at: Henry Cooke Lumsden, 1 King Street, Manchester M60 3AH.

هكذا من الأصل

FT LAW REPORTS

Guarantor can defend compound interest claim

MINORIES FINANCE LTD v DARYANANI
Court of Appeal
(Lord Justice May and Lord Justice Neill):
April 13 1989

A DEFENDANT to a claim for compound interest on loan accounts which contemplate a continuing indebtedness to the bank has an arguable defence which should be allowed to go to trial, in that the law is uncertain as to whether compound interest can be claimed in such circumstances in the absence of express contractual provision, and evidence is necessary to show whether modern banking practice implies a term to that effect.

The Court of Appeal so held when allowing part of an appeal by the defendant, Mr Mohan Wassiamal Daryanani, from Mr Justice Leggatt's order that summary judgment be given for the plaintiff, Minories Finance Ltd (formerly known as Johnson Matthey Bankers Ltd), for sums due under guarantees. The appeal was allowed to the extent only of giving Mr Daryanani unconditional leave to defend that part of the claim which related to compound interest on the outstanding sums.

LORD JUSTICE MAY said that Mr Daryanani was the principal shareholder in five UK *export companies trading with* Nigeria. The companies obtained overdraft facilities from Minories Finance on the terms of facility letters. Mr Daryanani guaranteed their indebtedness.

Each company would buy goods in the UK on the finance provided by Minories. To obtain payment from Nigerian importers, it would draw a bill on the importer and endorse it in favour of Minories, who transmitted it to a bank in Nigeria for collection.

The bank in Nigeria was paid in naira and would then remit the amount involved to Minories in London, where it would be placed to the credit of the company's account.

In about 1983 or 1984, the Nigerian Government introduced new procedures to regulate the outflow of foreign exchange. In December 1985 it embargoed all further foreign exchange transactions by Minories until further notice.

The result was that between 1984 and 1985 remittances to Minories from the Central Bank of Nigeria of foreign currency were much delayed, and since 1985 there had not been any.

Consequently, the proceeds of bills collected in Nigeria on Minories's instructions could not be remitted to the UK, and had not been credited to the respective companies' accounts.

They remained overdrawn, and Minories claimed against Mr Daryanani on his guarantees.

Mr Justice Leggatt gave summary judgment for Minories for substantial amounts in sterling, US dollars and D-Marks, together with compound interest. Mr Daryanani now appealed, seeking leave to defend the claims on the basis that he had an arguable defence.

Mr Beloff for Mr Daryanani submitted first that on a proper construction of the repayment provisions in at least three of the five facility letters, receipt by a bank in Nigeria of the proceeds of the bills of exchange as Minories' agents for collection, constituted discharge of the indebtedness. Further, he submitted that collection on Minories' *behalf of any of the proceeds of* the bills of exchange constituted payment by the companies to Minories.

Of the five facility letters, three contained a clause providing for repayment in terms which could arguably support Mr Beloff's contention.

Those were: "Repayment: at maturity of bills sent for collection"; "Repayment: from collection of bills"; "Repayment: repayment will be from the proceeds of collections".

The makings of an arguable defence were apparent.

However, the existence of an actual defence in law in the present context, depended on a short and relatively simple question of construction which the tribunal hearing the application for summary judgment should decide rather than leave for argument at the trial (see *European Bank (No 2) [1983] 1 WLR 662*).

Mr Justice Leggatt was correct to decide the relatively simple question of construction at that stage. He was right to decide the question against Mr Daryanani. The answer depended on the construction of each facility letter as a whole, not on one clause alone.

Mr Beloff's construction confused the Nigerian drawee's obligation to pay a bill with the exporting company's obligation to pay Minories. The original advances were in hard currencies and, on the proper construction of all the facility letters, Minories retained the right in its discretion to require customers to repay the advances in equally hard currency.

The only correct view was that Mr Daryanani guaranteed that in the end Minories would be repaid in London that which it had advanced in London.

For the same reason, collection by a Nigerian bank, maybe as agent for Minories, could not in law be equated with repayment in London of amounts advanced in hard currencies.

Mr Daryanani could not successfully rely on either of those contentions as a defence. No arguable defence was shown.

On the question of compound interest, his Lordship agreed with Lord Justice Neill's judgment, and would *allow the appeal on that basis* alone.

LORD JUSTICE NEILL said that the clauses relating to repayment had to be construed in the context of the letters as a whole. The facilities provided were available in hard currencies, and any advance was plainly intended to be repayable in London in the currency of the advance.

There was no indication in the facility letters that Minories was to be exposed to the risk of exchange losses by fluctuations in the rate of exchange between sterling and naira.

The final argument was based on the claim to recover compound interest.

The formal demand for payment was made on February 18 1986. It was conceded on behalf of Minories that it was not entitled to compound interest after that date. But Minories did seek to recover compound interest for the period before that date.

It was argued that the accounts between the parties were "mercantile accounts current for mutual transactions" (see *Fergusson v Fyffe (1841) 8 Cl & Fin 129*).

The practice of treating an account as settled at the end of a period, adding interest to principal, and charging interest for the next period on the increased total, was upheld as lawful by Lord Eldon LC in *Bevan (1803) 9 Ves 223*.

Lord Eldon had in mind accounts between merchant where, from time to time A might be in debt to B or B might be in debt to A.

On that basis it would be simple to extend the phrase "mercantile account current for mutual transactions" to cover current accounts between banks and customers which were sometimes in credit and sometimes overdrawn.

It was less clear, however, whether loan accounts, which contemplated a continuing though varying indebtedness by customers to their bankers, necessarily came within the same category.

It might well be that according to modern banking practice it was an implied term, in the absence of any express agreement to the contrary, in all arrangements for loan accounts with bankers, that compound interest could be charged. In absence of clear evidence, however, it would not be right to give summary judgment for that part of the claim.

Mr Daryanani should therefore have unconditional leave to defend that part of the claim which related to compound interest.

The appeal was allowed only to that limited extent.

For Minories: Anthony Boswood QC and Michael Brindle (Wilde Sapte)
For Mr Daryanani: Michael Beloff QC and Hodge Malek (Alan Taylor & Co)

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

Soviet agriculture officials seek extra grain at Washington talks

By Nancy Dunne in Washington

SOVIET agriculture officials today start two days of talks in Washington seeking additional sales of subsidised US wheat under the controversial Export Enhancement Programme.

The talks have been officially billed as routine consultations called for under the bilateral long-term grain sales agreement. However, it has been widely assumed for months that the Soviets, who suffered a poor harvest last year, will seek subsidised wheat and an additional 4m tonnes of grain above the 20m permitted under the Long Term Agreement.

The timing of the talks is particularly difficult for the Bush Administration, which has reportedly suspended new grain subsidy offers for a review of the Export Enhancement Programme. US wheat stocks are perilously low.

Administration officials have been debating the need for subsidies under current market conditions, particularly with the severe constraints imposed by the US budget deficit. The Office of Management and Budget, which has been reviewing the Export Enhancement Programme, contends that the scheme has departed from its original intent to challenge EEC subsidies.

The US has for some years now been the world's residual grain supplier. However, this year US traders believe other supplies of the high quality wheat the Soviets want by mid-May have been exhausted.

However, although the stockpile has shrunk, next year could bring a recovery. With the recent history of massive surpluses in mind, the US Department of Agriculture reportedly wants to offer the Soviets 1.5m tonnes of grain with a small subsidy, rather than have to offer high subsidies later on.

The National Association of Wheat Growers sees the talks as a test to the authority of Mr Clayton Yeutter, the US Agriculture Secretary, to offer subsidies in the face of OMB opposition. Mr Yeutter has vowed not to "unilaterally disarm" until other nations stop offering trade-distorting subsidies.

Wheat belt farmers pray for the living dead

James Abbott finds fears of crops being devastated by drought are surfacing again

A WORRIED frown crosses the brow of Kansas farmer Mr Milton Giedinghagen as he surveys his fields of sickly-looking winter wheat. "If we get a 35 to 40 per cent yield, we'll be lucky," he sighs.

Mr Giedinghagen relates how an exceptionally dry autumn hit germination levels, and then an unseasonably mild January started the plants growing in a period when they are usually dormant.

A sudden winter storm a couple of months ago "when the temperature dropped 60 degrees in as many hours" nipped the tender young shoots.

Those that survived that ordeal have had to contend with an unusually dry and hot spring, with temperatures on the Kansas farm nudging 100 degrees Fahrenheit in the past week.

To get any sort of crop at all, Mr Giedinghagen says he will have to have rain in the next week or ten days.

It's a story that is echoed across much of Kansas, the most important wheat producing state in the US (accounting for about a fifth of total national output).

Other parts of the wheat belt are also suffering – and there are now serious worries that the drought which devastated US maize and soyabean crops last year could hit again, decimating wheat this time.

The bulk of North American wheat farmers escaped unscathed last year, as their crops were safely combined before the searing heat hit.

Last week, Kansas agriculture officials estimated that the normal harvest in the state of about 400m bushels of wheat will be cut to around 212m bushels this year.

Other important wheat producing states are suffering as much. Texas has been hit by the same unusual weather conditions which have plagued Kansas.

Mr Rodney Mosier, executive assistant for the Texas Wheat Producers' Association, estimates that the state's crop this year will be down to around 70m bushels – well below last year's levels.

He reports that on top of the weather problem Texas wheat farmers have been troubled by pests, including Russian wheat aphids and brown wheat mite.

Cracks in the soil in irrigated fields present eradication difficulties – the insects disappear into the cracks during the day, rendering daylight spraying ineffective.

Some farmers are seriously questioning the wisdom of spending money on insecticides. "If they're not going to make a crop, they're not going to spray – because it's like throwing money out of the window," says Mr Mosier.

Many fields in the Texas panhandle are "ghost acres" – areas where the farmers have given up on the winter wheat, ploughed it in and resown with sorghum or oats in an attempt *to recoup losses.*

The picture is not uniformly gloomy across the whole country. Oklahoma, another important wheat producer, has not been affected to the same extent as its western neighbours. Also, some of the states with smaller areas devoted to wheat are doing well and may help to make up some of the shortfall in Kansas and Texas.

In some states where maize and soyabeans are the principal crops, farmers have upped their wheat acreage – in part because this is harvested in July, well before the maize comes in in the autumn.

Many hope that the wheat will bolster cash flow and tide their businesses over losses sustained on the principal crops in last year's drought.

In Illinois for instance, Mr Lee Rife of the state's department of agriculture reports that 1.3m acres have been planted to wheat. Favourable weather conditions in the region have led to hopes that 1987's record wheat crop of 59m bushels will be equalled or bettered.

Unlike Kansas, where the hard red winter wheat favoured by bread makers and Soviet grain buyers is raised, Illinois specialises in the soft red winter wheat used in cake and pastry flour.

While spring rains over Illinois have boosted top soil moisture levels and benefited the wheat crop, there is still a serious subsoil moisture deficiency hanging over from last year's drought.

The wheat crop will probably have been combined before the lack of subsurface moisture begins to bite, but Mr Rife and others worry about the implications for the new maize and soyabean crop, which is just being planted now.

"We're going to need continuous regular rainfall throughout the growing season," he warns, *"as there's no subsoil reserve."*

The low subsoil moisture levels found in Illinois are duplicated across much of the western part of the corn belt, including such important maize-producing states as Iowa and Nebraska.

As farmers look anxiously to the heavens for portents about this year's crops, analysts are carefully monitoring the dwindling US grain stocks.

Mr John Schnittker, an analyst in Washington DC, forecasts that at the end of May, just before the new crop comes in, US wheat stocks will be down to about 550m bushels – significantly less than the 800m bushels government officials regard as a "comfortable" level.

This shortfall has not been made up by crops in other countries. World wheat stocks are at about 85 per cent of normal levels. Mr Schnittker says US soyabean reserves are also seriously depleted, with about 145m bushels in stock against the 250m bushels considered normal.

Maize stockpiles are at a more comfortable level. Despite the worries, fresh spring breezes and the advent of a new growing season are buoying the spirits of American farmers.

"We never had a good wheat crop unless we lost it three or four times," chuckles Mr Bob Helmer, a wheat farmer from Wyoming, as he muses on the legendary capacity of an almost- dead wheat plant to revive.

His colleagues all over the US wheat belt are crossing their fingers that forlorn-looking fields will yet turn out to be full of the living dead.

India faces shortage after record harvest

By K.K. Sharma in New Delhi

INDIAN farmers have just completed harvesting what is estimated to be a record wheat crop of 52m tonnes but the Government still faces the possibility of what could be a serious grain shortage.

Although farmers in the key agricultural states of Punjab, Haryana and Uttar Pradesh – the three main wheat producing states in the country – have been bringing their produce to wholesale markets for the past three weeks, *government purchasing agencies like* the Food Corporation of India have made no bids so far.

All grain arrivals in the markets so far have been snapped up by private traders who are offering unexpectedly higher prices for wheat at a time when supplies are plentiful.

Current prices are around Rs230 per quintal while government agencies can offer only Rs183, the minimum support price for the season.

The Government has fixed a target of at least 10m tonnes of wheat procurement by its agencies in the current season to enable the country's grain stocks to be rebuilt.

At present the stocks are *around 5m tonnes which is considered a dangerously low* level.

Grain stocks have been falling since the disastrous drought of 1987 when food production fell to a low 132m tonnes and government agencies have not been able to procure enough since then to replenish them.

This is the first time that procurement on behalf of the Government has been stalled because of competition from private traders.

In the past, the Government has always been able to make heavy purchases after a bumper crop because traders were unwilling to offer even minimum support prices.

Private traders are showing unexpected interest in the wheat brought to grain markets for two reasons.

First, they expect prices to rise further in subsequent months and are thus making speculative purchases.

Second, they are buying stocks to sell to food processing industries.

If government agencies fail to reach the target of 10m tonnes of wheat purchases to replenish grain stocks, the country may be forced to make imports later in the year.

This will add to the serious balance of payments problems the country already faces.

The Government needs at least 17m tonnes of grain as stocks, 10m tonnes as a buffer to prevent a rise in food prices and another 7m tonnes a year to run the public distribution system of ration shops.

Sugar nears 'turning point' in market

By David Blackwell

THE EXPIRY of May futures contracts in both London and New York on Friday "is likely to prove an important turning point in the market," according to the latest sugar market report from Gill & Duffus, the London trade house.

"If, as we believe, 2.1m tonnes has now been sold to the Soviet Union, of which a large proportion is to be shipped from Thailand, there still remains a substantial tonnage to come from elsewhere," says the report. A large part of this is likely to be taken up when the May contracts expire.

Last week, Sucre et Denrees, the French trade house, let it be known in the markets that they would be taking delivery of their open positions. Traders believe they could take as much as 1m tonnes for sale on to the Soviet Union.

Once the impact of the Soviet Union's purchases has been absorbed, says Gill & Duffus, the timing and extent of China's purchases "are likely to be the most significant determinant" of prices.

In any event, prices are likely to remain quite firm, the report suggests.

The company now sees world production at 106.54m tonnes and consumption at 107.36m tonnes. Both figures are down on the previous forecasts made in February – *production because of sharp falls* in Chinese and Soviet output, and consumption because of a downward revision of Chinese offtake.

However, the gap between the two has widened, leaving a shortfall of 822,000 tonnes, compared with a previous forecast of 640,000 tonnes. This suggests a further drawdown on world stocks to 32.5m tonnes at the end of the season, leaving the stocks to consumption ratio at 30.2 per cent – the lowest level since 1980-81.

Nevertheless, sugar for nearby shipment is in plentiful supply, says the report.

"These physical supplies will have to be eroded if prices are to stay at their present levels or rise any higher," according to the report.

Oilseed stocks 'to fall sharply'

WORLD oilseed stocks will fall to the critically low level of 21m tonnes this autumn, leaving no cushion against below-average crops, according to Oil World, the Hamburg-based newsletter, Reuter reports from Hamburg.

This stock forecast, of which only 16.4m tonnes will be soyabeans, compares with 27.2m tonnes at the start of the current season when soyabean stocks totalled 21.9m tonnes.

The stock/usage ratio, historically a good barometer of *tightness, is predicted* to fall to just 10.3 per cent from last autumn's 13.3 per cent and the 15.7 per cent recorded in autumn 1986 when global commodity prices were stuck in the doldrums, Oil World said.

Canadian Mint beats first year silver coin target

By Kenneth Gooding, Mining Correspondent

THE Royal Canadian Mint sold more than 1m troy ounces of its silver bullion coins in the first six weeks after the launch last November – beating its first-year sales objective of 800,000 ounces in that short time.

However, sales of its long-established Maple Leaf gold bullion coins last year showed a fall from the 1987 level and the Mint's new platinum coins, introduced at the same time as the silver Maple Leafs, got off to a very sticky start.

The Mint is currently producing its silver coins at the rate of 100,000 ounces a week or 4.6m ounces a year.

Sales during the first quarter reached 1.135m ounces, taking the total since mid-November to 2.197m. Even if some buoyancy goes out of the market, the Mint is confident it will achieve 2m ounces in 1989.

Mr Murray Church, vice-president of communications for the Mint, said in London yesterday that dealers attributed the early success of the new silver Maple Leaf coin to its high purity (99.99 per cent gold) and "because it is a very affordable coin."

Sales of platinum Maple Leaf coins were 64,200 ounces in the last six weeks of 1987, one-third of the Mint's target for a full year. Even though in the first quarter of this year sales were a meagre 5,700 ounces, the Mint believes its original targets will be met in the first full year of issue.

Platinum sales were affected by market uncertainty following the December announcement by Ford that it was testing a substitute for the metal in catalytic converters, Mr Church pointed out.

The Mint claims its share of the worldwide gold bullion coin market increased from 45 per cent to more than 50 per cent last year when sales of Maple Leaf gold coins totalled 1.197 ounces (down from 1.425m in 1987).

Mr Church suggested that the US Mint's Eagle gold coins had a share of about 25 per cent, the Australian Nugget one of 10 to 15 per cent and the UK Britannia coin 5 to 10 per cent. More interest in gold bullion coins would be generated if, as seems likely, Austria launches its own in September this year.

In the first quarter of 1989, gold Maple Leaf coin sales totalled 443,900 ounces, 4.5 per cent below last year's record level.

Peruvian miners in talks

By Veronica Barutati in Lima

STRIKES planned for this week at some of Peru's biggest mines have been postponed while union leaders continue negotiations started at the weekend.

Most miners at Centromin, the state-owned mining group, and Southern Peru Copper, a subsidiary of Asarco of the US, agreed to stay at work while the negotiating went on.

However, miners at Centromin's Cerro de Pasco mine have been on strike since last week.

Meanwhile, Mr Giullermo Sojo Diaz, a top Miners' Federation official, confirmed that the federation's planned 72-hour national strike would begin tomorrow.

This strike was postponed last month, when the Government agreed to discuss the miners' demands.

"We're fed up listening to the Government's tales," complained Mr Sojo. "This time nothing will stop us."

The three-day strike has been called in protest at the Government's consistent failure to fulfil the miners' nationwide demands, as laid down in a document signed by the Government at the end of the previous miners' strike last December.

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,035-2,100 (2,045-2,100).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 6.15-6.40 (6.20-6.50).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 6.70-7.00 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.45-7.60 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 255-275 (260-280).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.70-3.80 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 6.90-7.70, (7.25-8.00).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 55-65 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb VO, cif, 8.70-9.00 (8.90-9.20).

URANIUM: Nuexco exchange value, $ per lb, UO, 11.20 (same).

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL prices on the LME shed all Monday's gains in spite of news that Outokumpu's Harjavalta smelter would not work at full capacity for at least three months. Three-month metal closed at $15,550 a tonne, down $550, and a return to test support at $7 a lb ($15,425 a tonne) seems likely, analysts believe. Traders said many consumers still seemed to be well covered on for their immediate requirements and some of them were said to be keen sellers of surplus metal during Monday's steep, albeit brief, price rise. Copper prices also declined, taking its afternoon tone from Comex weakness. One trader said the market still appeared to be performing like a "headless chicken" in the absence of fresh major market moving factors.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.70-7.80q	+.075
Brent Blend	$20.25-0.40z	+.075
W.T.I. (1 pm est)	$21.28-1.33q	+0.18

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$292-294	-1
Gas Oil	$158-160	-3
Heavy Fuel Oil	$97-100	+0.5
Naphtha	$183-185	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$385.50	+0.75
Silver (per troy oz)♣	582c	+2
Platinum (per troy oz)	$545.25	+1.25
Palladium (per troy oz)	$169.75	+1.00
Aluminium (free market)	$2275	-30
Copper (US Producer)	144¾-148c	
Lead (US Producer)	37.5c	
Nickel (free market)	725c	-20
Tin (European free market)	$10665	+110
Tin (Kuala Lumpur market)	28.05r	+0.36
Tin (New York)	487.75c	+3.25
Zinc (US Prime Western)	87⅞c	
Cattle (live weight)†	118.74p	+1.32*
Sheep (dead weight)†	280.50p	+11.6*
Pigs (live weight)†	87.80p	+2.37*
London daily sugar (raw)	$310u	-1
London daily sugar (white)	$341.5u	-0.5
Tate and Lyle export price	294	+1
Barley (English feed)	£104.00w	+0.25
Maize (US No. 3 yellow)	£134	
Wheat (US Dark Northern)	£125.75x	
Rubber (spot)♥	58.25p	-0.25
Rubber (Jun)♥	66.75p	-0.25
Rubber (Jul)♥	67.00p	+0.50
Rubber (KL RSS No 1 May)	297.0m	-0.5
Coconut oil (Philippines)§	$562.5v	
Palm Oil (Malaysian)§	$400z	-5
Copra (Philippines)§	$350	
Soyabeans (US)	$203z	-2
Cotton "A" index	75.00c	-0.05
Woollops (64s Super)	620p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/Jun. u-May/Jun. q-Jun. x-Apr/May. w-Aug. z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
May	744	739	744 730
Jul	761	755	762 748
Sep	778	772	778 767
Dec	817	815	816 808
Mar	809	809	810 801
May	812	806	810 801
Jul	821	818	817

Turnover:5332 (5825) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 24: 975.14 (984.03):10 day average for Apr 25: 987.83 (990.69)

COFFEE £/tonne

	Close	Previous	High/Low
May	1168	1160	1184 1158
Jly	1112	1104	1125 1103
Sep	1077	1068	1092 1070
Nov	1060	1055	1070 1051
Jan	1054	1050	1060 1050
Mar	1058	1046	1045
May	1058	1040	

Turnover 3880 (2669) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 24: Comp. daily 119.52 (119.76) . 15 day average 117.52 (117.13)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
May	275.40	276.60	278.00 274.40
Aug	277.40	276.60	279.00 276.40
Oct	275.60	276.60	277.60 274.60
Dec	275.00	275.00	272.00
Mar	267.40	267.40	267.00 266.00

White	Close	Previous	High/Low
Aug	337.00	337.50	338.50 335.50
Oct	327.00	328.00	328.00 326.50
Dec	322.00	322.00	
Mar	318.00	317.00	318.20 315.50

Turnover: Raw 3608 (4288) lots of 50 tonnes. White 964 (515) .
Paris- White (FFr per tonne): Aug 2119, Oct 2050, Dec 2110, Mar 1980, May 1990, Aug 1990.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Jun	19.30	19.63	19.36 19.06
Jul	18.35	18.75	18.35 18.18
Aug	17.65	18.04	17.65 17.60
IPE Index	19.58	20.15	

Turnover: 5370 (4744)

GAS OIL $/tonne

	Close	Previous	High/Low
May	155.50	156.00	155.50 154.00
Jun	151.75	155.00	152.25 150.50
Jul	150.50	153.75	151.25 149.50
Aug	151.00	154.00	151.50 150.00
Sep	153.00	155.75	152.00
Oct	156.00	157.50	
Nov	155.50	158.00	154.75 154.00

Turnover 7754 (4254)lots of 100 tonnes

COTTON
Liverpool- Spot and shipment sales for the week ended April 21 amounted to 370 tonnes against 206 tonnes in the previous week. Slow trading occured. Users were content with existing supplies.

JUTE
C and f Dundee BTC $500, BWC $530, BTD $445, BWD $460; c and f Antwerp BTC $465, BWC $455, BWD $405, BTD $415.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 19,350 tonne
Cash	2260-5	2280-90		2275-80		
3 months	2155-8	2165-8	2185/2135	2170-1	2135-40	33,330 lots
Copper, Grade A (£ per tonne)						Ring turnover 26,100 tonne
Cash	1800-5	1850-2	1820/1814	1813-4		
3 months	1752-4	1782-3	1770/1754	1760-2	1757-9	71,755 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	577-8	577-9		577-8		
30 June	587-9	587-90		587-9		352 lots
Lead (£ per tonne)						Ring turnover 7,875 tonne
Cash	368.5-9	365-6	365/364.5	364.5-5		
3 months	368.5-9	365-6	369/364	363-4	368.5-9	9,863 lots
Nickel ($ per tonne)						Ring turnover 2,484 tonne
Cash	15700-50	16550-650	16300/16150	16150-200		
3 months	15500-600	16050-150	16200/15500	15850-6000	15500-600	7,428 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 7,800 tonne
Cash	1677-80	1700-10	1665/1663	1663-5		
3 months	1638-9	1665-75	1640/1615	1620-5	1573-5	9,959 lots
Zinc ($ per tonne)						Ring turnover 6,925 tonne
Cash	1645-50	1680-90	1638/1635	1638-40		
3 months	1580-5	1620-1	1605/1560	1575-80	1625-30	12,413 lots

POTATOES £/tonne

	Close	Previous	High/Low
May	135.0	145.0	142.0 130.0
Nov	91.5	91.5	
Feb	99.0	100.0	
Apr	138.3	141.1	141.0 136.0
May	153.0	158.0	

Turnover 301 (395) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	154.50	156.40	156.00 154.00
Aug	150.50	152.50	151.00 150.50
Oct	150.00	152.00	

Turnover 137 (66)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1621	1630	1630 1620
May	1613	1620	1625 1605
Jul	1390	1385	1395 1385
Oct	1492	1490	1492 1490
Jan	1530	1535	1530
Apr	1580	1580	1580
BFI	1621	1619	1621

Turnover 304 (156)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	118.00	117.90	118.30 117.45
Jun	119.90	119.80	120.25 119.35
Sep	105.15	105.00	105.15
Nov	107.60	107.50	107.60

Barley	Close	Previous	High/Low
May	108.25	107.50	108.25 108.00
Sep	102.90	103.00	103.00 102.90
Nov	106.00	106.00	106.00

Turnover: Wheat 201 (169), Barley 86 (23).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	105.5	105.5	105.0
Jun	107.5	107.5	107.0
Aug	106.0	105.5	106.0
Oct	109.3	109.3	
Nov	110.0	109.8	
Feb	105.7	105.4	105.7

Turnover 15 (13) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	385¼-385¾	226¼-226¾
Opening	386-386½	226¼-226¾
Morning fix	385.85	226.757
Afternoon fix	385.9	226.441
Day's high	386¼-386¾	
Day's low	385-385½	

Coins	$ price	£ equivalent
Mapleleaf	396-401	232¼-235¼
Britannia	396-401	232¼-235¼
US Eagle	396-401	232¼-235¼
Angel	396-401	232¼-235¼
Krugerrand	384-387	225½-227½
New Sov.	90½-91½	53-53¾
Old Sov.	90½-91½	53-53¾
Noble Plat	549-558.2	321.7-327.1

Silver fix	p/fine oz	US cts equiv
Spot	341.55	581.25
3 months	352.65	595.65
6 months	364.10	610.80
12 months	387.55	643.15

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
2100	169	178	2	65
2200	61	123	15	107
2300	26	81	69	169

Copper (Grade A)	Calls		Puts	
2900	175	171	4	98
3100	37	83	65	207
3300	2	35	229	355

LONDON FOX TRADED OPTIONS

Sugar No. 6	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
260	29.85	33.50	12.85	18.30
270	20.50	29.35	13.50	24.35
280	16.35	26.30	19.35	31.10

Coffee	Jul	Sep	Jul	Sep
1000		103		28
1050	79	71	17	44
1100	48	47	35	70
1150	27		65	

Cocoa	Jul	Sep	Jul	Sep
700	67	81	7	13
750	34	57	24	29

US MARKETS

IN THE METALS, scattered selling due to lack of carryover buying from Mondays advance weakened the gold and silver, reports Drexel Burnham Lambert. Platinum posted small losses on short selling from locals. Commission houses and funds were active in the copper. Rollover trading was featured in the sugar market as May expiration nears. Cocoa gained on light trade buying. Coffee futures were slow. The livestocks featured higher hog prices from short covering and buy stops. Carryover buying helped support the pork bellies. Cattle futures closed lower as packers are reluctant to pay up, creating an eventual surplus of slaughter ready cattle. All of the grains lost ground as forecasters call for more precipitation than expected. Soybeans posted the largest decline as the May contract fell 12 cents. Rumours of renewed fighting between Iran and Irac pushed the crude oil market higher. Prices closed over the 21 dollar level, erasing the sharp decline made on Monday.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	385.7	387.7	386.8	385.7
May	386.0	388.2	0	0
Jun	388.8	391.0	390.7	388.6
Aug	393.3	395.6	395.0	392.6
Oct	398.6	401.0	400.0	398.4
Dec	403.9	406.4	405.5	404.2
Feb	409.2	411.7	0	0
Apr	414.5	417.0	0	0
Jun	419.9	422.4	420.5	420.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	543.3	549.1	546.5	545.0
Jul	548.3	554.1	553.0	549.0
Oct	546.3	552.6	552.0	547.5
Jan	546.3	552.6	550.0	550.0
Apr	548.3	554.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	578.9	592.5	0	0
May	579.5	583.3	584.0	579.0
Jun	584.8	588.6	0	0
Jul	590.7	594.4	595.0	590.5
Sep	601.5	605.2	606.0	602.0
Dec	617.3	621.0	621.5	618.0
Jan	622.3	626.0	0	0
Mar	632.5	636.2	636.0	635.0
May	642.9	646.6	0	0
Jul	653.5	657.2	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	138.75	140.15	139.00	137.20
May	138.30	139.65	138.55	136.00
Jun	136.85	137.10	0	0
Jul	135.40	134.80	135.50	132.60
Sep	130.60	128.90	130.00	127.70
Dec	124.00	122.90	123.50	121.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	21.33	20.61	21.36	20.65
Jul	19.84	19.38	19.84	19.45
Aug	19.02	18.72	19.02	18.76
Sep	18.44	18.25	18.44	18.28
Oct	18.08	17.90	18.07	17.95
Nov	17.80	17.66	17.83	17.75
Dec	17.67	17.47	17.67	17.51
Jan	17.55	17.29	17.55	17.38

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5270	5181	5300	5190
Jun	5160	5073	5160	5060
Jul	5050	4995	5070	4970
Sep	5075	5060	5135	5050
Oct	5150	5115	5150	5130
Nov	5180	5170	5240	5160
Dec	5275	5225	5275	5200

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1320	1313	1327	1318
Jul	1240	1220	1247	1227
Sep	1230	1216	1234	1225
Dec	1239	1230	1249	1235
Mar	1237	1233	1241	1235
May	1247	1242	1251	1245
Jul	1240	1220	1247	1227
Sep	1272	1268	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	141.85	141.60	142.75	141.60
Jul	135.75	135.54	136.90	135.50
Sep	129.50	129.31	131.00	129.20
Dec	125.50	125.47	126.80	125.50
Mar	123.50	122.50	123.50	123.00
May	122.75	122.63	122.75	122.75
Jul	125.00	122.50	0	0
Sep	123.00	121.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.60	12.60	12.69	12.46
Jul	12.47	12.58	12.64	12.42
Oct	12.34	12.37	12.42	12.29
Jan	12.00	12.42	0	0
Mar	11.96	11.99	12.01	11.97
May	11.97	11.99	11.98	11.97
Jul	11.98	11.95	11.98	11.95

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	64.95	64.89	65.25	64.60
Jul	66.85	66.16	66.37	66.60
Oct	66.10	66.05	66.45	65.95
Dec	65.60	65.28	65.81	65.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	174.00	176.00	177.00	174.00
Jul	178.35	178.60	180.40	178.35
Sep	174.75	175.85	177.10	174.75
Nov	162.25	163.75	164.65	162.90
Jan	158.15	157.70	159.00	158.00
Mar	157.75	157.30	158.30	157.80
May	157.60	157.30	157.30	157.30
Jul	157.60	157.30	0	0
Sep	157.60	157.30	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 24	Apr 21	mnth ago	yr ago
2033.1	2021.4	-	1757.1

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	138.18	137.98	138.25	127.98
Futures	139.41	139.39	139.77	131.84

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	732/4	744/4	742/4	732/0
Jul	736/2	749/4	749/4	735/4
Aug	732/4	746/4	745/0	732/0
Sep	718/2	731/0	728/0	715/4
Nov	707/4	722/4	721/0	706/0
Jan	716/6	731/4	728/4	715/4
Mar	725/0	740/4	737/0	725/0
May	729/0	739/0	741/0	728/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.88	22.92	22.90	22.73
Jul	23.48	23.48	23.51	23.33
Aug	23.73	23.75	23.76	23.61
Sep	23.95	23.95	24.00	23.80
Oct	24.15	24.15	24.15	23.98
Dec	24.40	24.40	24.45	24.29
Jan	24.50	24.65	24.50	24.48
Mar	24.95	25.15	24.95	24.75

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	224.7	228.6	228.5	224.5
Jul	223.1	226.6	227.0	223.0
Aug	220.2	224.2	224.5	220.0
Sep	217.7	220.7	221.0	217.5
Oct	213.2	217.5	217.5	213.0
Dec	212.5	216.5	216.3	212.0
Jan	212.0	216.0	212.5	212.0
Mar	212.0	216.0	215.0	212.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	264/0	269/0	268/0	263/6
Jul	267/0	271/2	270/4	266/4
Sep	260/4	263/0	263/4	260/2
Dec	260/2	263/6	262/6	260/0
Mar	266/6	270/0	269/4	266/2
May	267/6	271/0	270/0	267/6
Jul	270/0	273/0	272/0	270/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	414/4	415/6	416/0	412/4
Jul	404/0	404/0	406/0	402/0
Sep	411/4	411/4	413/4	409/4
Dec	423/6	423/2	425/6	422/0
Mar	430/0	428/2	431/0	427/0
May	421/4	421/0	423/0	420/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	70.52	70.77	70.90	70.10
Aug	67.32	67.22	67.60	66.85
Sep	68.50	68.50	0	0
Oct	68.97	68.87	69.40	68.65
Dec	70.17	70.12	70.40	69.65
Feb	70.80	70.80	70.90	70.40

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	46.80	45.67	46.90	45.90
Jul	47.50	46.50	47.75	46.75
Aug	46.12	45.62	46.25	45.65
Oct	42.45	42.12	42.75	42.20
Dec	44.47	44.15	44.70	44.02
Feb	45.90	45.32	46.00	45.45
Apr	44.90	44.70	44.90	44.30
Jun	47.12	47.15	0	46.80

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	31.57	31.45	32.30	31.50
Jul	31.80	31.60	32.35	31.70
Aug	31.55	31.20	32.15	31.42
Feb	47.07	47.25	47.60	46.80
Mar	46.60	46.70	46.80	46.40
May	47.90	46.60	48.25	47.90

LONDON STOCK EXCHANGE

Trading programmes feature equities

A BATCH of programme trades helped the UK stock market turn in a resilient performance yesterday despite a general sense of caution ahead of the announcement this morning of the UK trade figures for March. Turnover of 576.8m shares through the Seaq system was the highest daily total for several weeks, with the financial sector particularly active on Mexico's proposals for rescheduling debt payments.

UBS Phillips & Drew confirmed that it had operated a £100m two-way programme trade, and several other major UK trading firms were believed to have been similarly active yesterday. Names mentioned but not confirmed included Smith New Court, with a sell programme said to be worth £40m, and County NatWest with a buy programme of £70m; BZW was believed to be operating a programme at the close.

Outside this activity, investors remained cautious. However, with the pound still steady, and currencies generally unaffected by the resignation announcement by the Japanese Prime Minister, fears of upward pressures on domestic interest rates continued to slacken, despite nervousness ahead of the UK trade figures.

The concensus forecast among London analysts is for a deficit of around £1.5bn on UK trade in March, with some predictions ranging to above £1.6bn. The equity market will watch sterling keenly after the trade news, but has drawn comfort this week from the steady trend of the sterling exchange rate.

This view appeared unaffected by the latest survey of industrial trends by the Confederation of British Industry, which implied a continued slowdown in the UK economy. Share prices added more than 14 FT-SE points in the first half of the session, and closed firmly, although off the top as Wall Street slipped below 2,400 again in early trading.

At its final reading, the FT-SE Index was 9.2 higher at 2,071.2. Chart specialists remained bullish for the index, albeit in the near term. Mr Robin Aspinall of Schroder Securities said that: "The next time we cross 2,100 will be the signal that we are on our way to 2,350".

Inside the burst of yesterday's trading programmes was selective demand for a number of major stocks. The financial sector stood out well, helped by a recommendation from a leading US trading house, and there was renewed interest in the electronics sector.

It was a calmer session on the takeover front, with Beecham easier as major investors waited for further developments in the planned merger with SmithKline Beckman. Consolidated Gold Fields fell on the New York court's refusal to lift the ban on Minorco share purchases, but there was little selling of Gold Fields stock in London.

Account Dealing Dates

Option			
*First Dealings:	Apr 17	May 8	May 22
Option Declarations:	May 4	May 18	Jun 1
Last Dealings:	May 5	May 19	Jun 2
Account Day:	May 15	May 30	June 12

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	Apr 25	Apr 24	Apr 21	Apr 20	Apr 19	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.24	86.16	85.98	86.18	85.82	89.99	89.29 (8/2)	85.84 (13/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.97	96.96	96.84	97.22	97.29	96.78	99.59 (13/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1708.9	1701.9	1700.5	1696.5	1718.7	1431.3	1761.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	186.5	186.6	185.7	185.8	188.5	207.1	195.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)

Ord. Dv. Yield	4.56	4.58	4.58	4.58	4.52	4.55
Earning Yld %(full)	11.05	11.09	11.11	11.11	10.96	11.79
P/E Ratio(Net)(*)	10.96	10.91	10.87	10.86	11.01	10.38
SEAQ Bargains(5pm)	24,423	22,231	22,546	28,214	27,721	26,839
Equity Turnover(£m)†	-	854.30	1165.29	1348.41	1456.03	1062.89
Equity Bargains†	-	26,292	27,209	30,998	31,134	28,077
Shares Traded (ml)†	-	351.3	436.8	503.8	598.9	374.1

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1705.1	1703.7	1710.3	1709.7	1710.5	1710.7	1712.7	1709.3

DAY'S HIGH 1713.8 DAY'S LOW 1702.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. ☆Nil 10.86 †Excluding intra-market business. * Corrected figure.

● S.E. ACTIVITY

Indices	Apr 24	Apr 21
Gilt Edged Bargains	83.8	100.9
Equity Bargains	170.4	176.3
Equity Value	1726.8	2355.4
5-Day average		
Gilt Edged Bargains	96.3	103.2
Equity Bargains	188.1	192.9
Equity Value	2474.5	2553.1

● London Report and latest Share Index: Tel. 0898 123001

Mining tussle continues

A remarkably resilient performance from Consolidated Gold Fields shares underscored the decision by broking house UBS Phillips & Drew to advise clients to buy the stock on the Minorco bid despite the New York court's refusal to lift the injunction against further share purchases by hostile bidder Minorco.

"We are telling clients to accept the Minorco bid", said Mr Jack Jones of UBS; "either Minorco will win through or the level of acceptances for its offer will flush out another potential bidder".

Shares in Gold Fields fell 38 to 1245p, still well short of the 1530p approximate value of Minorco's £3.5bn offer. Turnover of 1.4m shares indicated that there were few institutional sellers, and some buyers.

Hopes of an eventual intervention by a newcomer were encouraged by Minorco's statement that if its bid fails, it did not want to remain a minority shareholder in Gold Fields. On the other hand, many analysts believe that Minorco could end up with more than 50 per cent of the Gold Fields equity by today's 1 pm deadline, and would then continue its fight to persuade the Gold Fields directors to abandon their resistance, including legal action in the US.

Contractor pacer

Tarmac shares outpaced the rest of a generally buoyant building sector after the company revealed preliminary profits way ahead of the most optimistic forecasts.

The share price leapt 13 to 304p on a turnover of 8.9m, well up on normal levels of activity. The pre-tax profits figure came out at £393.1m, 45 per cent up on last year. This compared with analysts' forecasts ranging from £360m to £370m, although some optimists had been going for a figure slightly above £370m. The dividend total of 10p was in line with forecasts.

It was Tarmac's confidence in its ability to maintain margins in housebuilding that triggered the market's enthusiasm, said analysts. "The company says first quarter sales, completions and margins bear comparison with last year, so quite clearly they are looking at another good year; we have increased our forecast for the current year to £460m," said Mr Jeff Summers at Hoare Govett. "Worries about the chances of a rights issue and the high gearing have disappeared with the asset revaluation. The shares are too cheap by far on 7.5 times earnings based on our £460m forecast," he concluded.

Marketmakers described the figures as "tremendous, they really caught us on the hop. It was just what the whole of the sector needed. We've had buyers of all the top building groups on the back of Tarmac."

Resilient ICI

ICI shrugged off recent analysts' predictions of restricted first quarter profits due tomorrow. The stock climbed to 1189p; before softening to close at 1183p, a gain of 11 on light turnover.

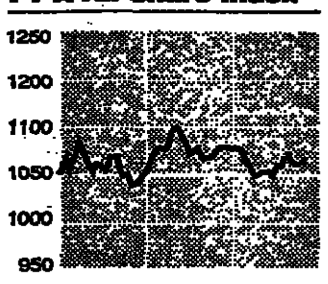
Part of the bears' logic was that these results are the first real blue chip figures to emerge from the current period of high interest rates. Not only might they reflect high interest charges, but they may also be hit by a slowdown in the economy.

However, Mr Martin Evans, analyst at BZW, argued that such factors are more likely to show up in the second quarter, particularly with margins being squeezed in bulk chemicals.

Dealers also pointed out that ICI was no stranger to firmness ahead of figures and such was the stock's reputation that bulls of the whole market would show interest. "If you're going to buy the market, you might as well buy ICI," concluded a marketmaker.

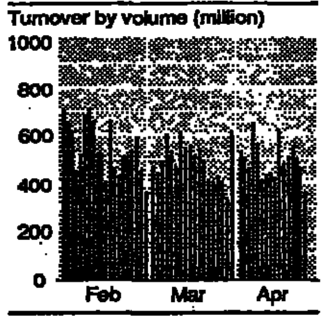
Reuters Holdings advanced 8 to close at 712p, the best of the day. Opinion is divided over what happens tomorrow, the first day of trading in the converted shares arising from last month's share restructuring. The shares are likely to show a substantial premium over the 695p placing price and some investors may be tempted to take profits. The opposing view argues that the shares were placed "in good hands – the sort of people interested in longer term growth." Perhaps a clue lies in the revelation, yesterday, that 5m shares had been clawed back by their original owners. Under the terms of the placing, a maximum of 7m could have been so reclaimed.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



The banking sector surged ahead in what traders said was the most active session for some considerable time. This followed the big programme trade activity and a story that Mexico is close to a settlement regarding its overseas debts with the big international banks.

An agreement on the debt settlement is only days away according to dealers who said the news had emerged in New York overnight. It was said that much of the buying of the big UK banks had come from US-owned securities houses.

The US story was that creditor banks, after accepting a level of debt forgiveness, would swap their Mexican debt for zero-coupon US Government bonds. Interest on the debt would be, according to the market stories, guaranteed by the International Monetary Fund and the World Bank.

"The bottom line on the story is that at least this sort of deal defines the extent of a bank's losses. If this is extended to Brazil and Argentina it has got to be viewed as extremely positive," said one analyst at a US securities house.

There was particularly heavy trading in Lloyds (4.5m shares) which jumped 9 to 350p. Barclays (3.5m) rose 7 to 440p, Midland (1.9m) added 8 at 447p and NatWest (also 1.9m) gained 10 at 594p.

Heavy buying late in the session by BZW lifted all the top life assurance stocks. Abbey Life were outstanding, closing 9½ ahead at 291½p and Pearl, on talk of further buying by FAI, added 5 at 411p.

Sun Alliance featured in the composites with the shares boosted by a "strong buy" recommendation issued by Kleinwort Benson and up 19 at 1137p. Broker Sedgwick attracted strong demand late and settled 9 firmer at 244p.

Tysons suspended at 54p, were re-quoted and closed at 68p after the merger with Donelon Tyson.

Laura Ashley fell 15 to 97p on news of a 13 per cent fall in annual profits to £20.2m, a figure that came in some way below the market's range of forecasts. One dealer, who described the results as "dreadful", predicted the shares would drop to 80p, but Mr Paul Deacon, stores analyst at Goldman Sachs, believes Laura Ashley are worth buying on any further weakness because of the strength of the retail business.

Otherwise Stores went better with the wider market, most notably Storehouse, up 5 at 176p amid further talk that Mr Asher Edelman, the US arbitrageur, was adding to his near 8 per cent stake. Boots were also well bid, 8 firmer at 288p and buoyed by several recent brokers' recommendations, while recent analytical opinion that the diy market is holding up in spite of the consumer spending downturn helped Kingfisher add 6 at 296p.

Racal Electronics maintained their recent strong showing and the shares touched 408¼p before slipping back to close a net 9 higher at 406p on turnover of 7.2m. The company announced the purchase for $57m of US group Interlan but dealers said the thrust of the latest bout of support for the stock came from institutions expecting a surge of American buying when the company becomes available in ADR form. Racal Telecom added 8 at 364p.

GEC attracted volume of 6.1m and settled 3 harder at 233p with Plessey the same amount up at 264p on 4m shares. STC were 6 firmer at 316p on 3.5m amid speculation that the Northern Telecom stake could be up for sale – "The latest rumour in a rumour-laden sector" said one marketmaker.

Farnell's preliminary figures were well received, the shares adding 10 at 160p, while a strong buy note from Mr Keith Woolcock at CIBC boosted Micro Focus 28 to 260p; the analyst rates the stock "among the cheapest in the market."

Dowty followers began hoping yesterday that the share price weakness brought on by the debate over the sale of its mining division to management was coming to an end. Finalisation of the agreement has taken longer than expected but Kitcat & Aitken, the broking house, said Dowty would be well rid of this operation for which prospects show little sign of a market upturn for mining equipment. Once concluded, the group should benefit from an improved rating and the short-term weakness provides an opportunity to buy, thought Kitcat researcher Mr Clive Forestier-Walker. The shares closed 3 up at 247p.

Armstrong Equipment (AE) emerged from the doldrums with a rise of 7 to 141p. The movement aroused speculation of another bid – the company last year warded off an unwanted offer from Wardle Storeys – but analysts tended to doubt predatory interest with the share price still inflated by bid premium. The consensus view was that the shares were overvalued: "You only hold the stock on the chance that someone could one day pop in," said a trader. Caparo Industries, the 13.8 per cent shareholder which remained faithful to AE during the Wardle battle, reported excellent annual profits yesterday.

Turnover in supermarket groups Asda and Gateway dropped to less stratospheric levels of 10m and 8.1m shares respectively as dealers awaited new developments. Asda fell initially on profit-taking but recovered to close unchanged at 160¼p as buyers returned to the stock on hopes of a US or West German bid. Gateway, where Isosceles has offered 195p-a-share, edged a penny higher to 192¼p; dealers are increasingly convinced that a rival bidder will materialise soon.

There was also good business in Tesco, which closed slightly weaker at 167¼p as a short 5m shares changed hands. Support at the lower levels left Ranks Hovis McDougall steady at 365p in the wake of Monday's bid for Goodman Fielder Wattie.

News that its acquisition of bookmakers William Hill from retail group Sears has been referred to the Monopolies Commission dampened sentiment in Grand Metropolitan, which closed 2 lower at 558p. Dealers said that the price was supported by good demand ahead of a broker's presentation later this week.

Good annual results and an upbeat trading statement pushed St Ives 3 higher to 219p but Ketson remained nervous awaiting news of the preliminary figures and closed a further 4 down at 19p.

The best performing property share of the day was Dencora, up 15 to 250p after reporting that annual profits had doubled to £8.8m. Marler Estates shed 2 at 96p after Conrad Holdings, the company run by former Mountleigh chief executive Mr John Duggan, announced an agreed bid worth £82.4m. Conrad Holdings fell 3 to 107p.

Another downward move by crude oil prices kept the oil majors in check. BP could manage only a minor gain at 284p, on turnover of 3.2m shares and Shell were only fractionally higher at 405p, albeit in good turnover of 4.3m. BZW followed UBS Phillips & Drew in upping its forecasts for both companies and recommended a "switch" out of Shell into BP ahead of the latter's annual meeting at which it is expected to announce the commencement of quarterly dividends.

Shares in Capita Group, the information technology and systems consultants, performed well on their market debut. Placed by broker Laing & Cruickshank at 100p, Capita raced ahead to a high of 127p before settling at 125p, for a premium of 25.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 28

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (122) [illegible] Prt., Abbeycrest, Amer. Bus. Systems, BET, Bardon Group, Boot (H.), Boots, Brit. Fittings, Clayhithe, Computer People, Dean & Bowes, Dover Corp., BB, Fisons, ISA Intl., Laidlaw Thomson, Photo-Me, Portmeirion, Record Hldgs., Rural Planning, Schlumberger, Sidlaw Group, Silentnight, Sothebys Hldgs. A. Whelman Reeve, INSURANCE (2) Amer. Intl., Torchmark, LEISURE (4) Brent Walker, Castle Comms., Cityvision, Really Useful, MOTORS (2) Airflow Streamlines, Lookers, [illegible]

NEW LOWS [illegible] (4) Body Shop, Gabicci, Sonning Group, Tie Rack, ELECTRICALS (2) National Tele., Star Comp., INDUSTRIALS (2) Hestair, Willis Group, INSURANCE (2) Allied Ins. Brokers, Willis Faber, LEISURE (2) Bond Media, Juliana's Hldgs., NEWSPAPERS (1) Maxwell Comm., PAPERS (2) Ketson, Serif Cowells, TEXTILES (3) Drummond, Lowe (Robt. H.), Tomkinsons, TRUSTS (1) IFICO, OVERSEAS TRADERS (1) Finlay (James), MINES (1) Bond Corp.

APPOINTMENTS

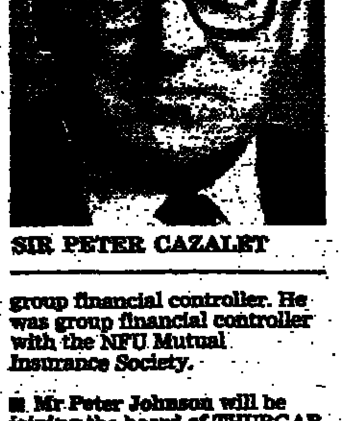
Chairman designate of APV

■ Sir Peter Cazalet *(pictured right)* is to be elected to the board of APV at the annual meeting on May 16. It is proposed that he should succeed Sir Ronald McIntosh as chairman at the end of September when Sir Ronald reaches the age of 70. Sir Peter, who is 60, will shortly retire as deputy chairman of the British Petroleum Company. He is non-executive deputy chairman of GKN, and a director of The De La Rue Co, and of P&O. Mr Alf Duch-Pedersen, managing director of APV Pasilac, the group's Danish subsidiary, and Mr Robert Sudmeyer, managing director of APV Rosista, the group's German subsidiary, are also proposed for election to the main board.

■ BETACOM has appointed Mr Roger Rowland, chairman of Pepe Group, as a non-executive director.

■ Mr Douglas M. Ritchie has been appointed to the boards of LAURENTIAN HOLDING COMPANY and Laurentian Life. He is managing director and chief executive officer of British Alcan Aluminium.

■ The REGENCY FINANCIAL GROUP has appointed Mr George Lokuciejewski as group financial controller. He was group financial controller with the NFU Mutual Insurance Society.



SIR PETER CAZALET

■ Mr Peter Johnson will be joining the board of THURGAR BARDEX on May 1. He will shortly be retiring as finance director of John Laing.

■ HOARE GOVETT (CI), a subsidiary of the British & Commonwealth Merchant Bank Group (BCMB), has appointed Mr Neville Roberts as director of finance and operations. Based in Guernsey, he will responsible for both the Guernsey and Jersey offices. The appointment follows the recent acquistion of both Hoare Govett (CI), and The Bank of Carolina (Guernsey) by BCMB. Mr Roberts was director of operations with NM Schroeder in Guernsey, and wanted to stay on the island when the office was transferred to the UK.

■ BRITISH BIO-TECHNOLOGY, Oxford, has appointed Sir Charles Reece as a non-executive director, coinciding with the creation of a new holding company, British Bio-technology Group. Sir Charles recently retired from the main board of Imperial Chemical Industries, where he was responsible for research and technology.

■ Mr Chris Smallman has been appointed to the board of WARD BUILDING SYSTEMS, Sherburn, North Yorkshire. This follows Ward's recent acquisition of Smallman Construction.

■ Mr Geoffrey F. Chapman has been appointed managing director of SECURITY SYSTEMS INTERNATIONAL in addition to his responsibilities as chief executive of Utilux (UK). Mr Mark Henderson has been appointed director and general manager.

■ Mr John White, joint managing director of Frederick Theak and Co. has been appointed director of the International Men's and Boys' Wear Exhibition.

■ Mr Kenneth Pierce has been appointed managing director of D.A. THOMAS (LONDON). He was managing director of Metlex.

Evered board of management

■ EVERED HOLDINGS has established a board of management to make recommendations to the main board. It will be comprised of Mr Roy Kettle, group chief executive, Mr Mike Wallis, group managing director, and Mr John Ford, group finance director - all main board executive directors. They will be joined by the following six senior executives: Mr John Barlow, associate director - tax and asset management; Mr Keith Harris, associate director - commercial; Mr Tim Grimes, company secretary; Mr Jim Murray, managing director for Scotland; Mr George Plant, managing director for England; and Mr Peter Pretty, managing director for US.

■ McKECHNIE has made the following changes in its consumer products division. Mr Derry Hanratty has been appointed chief executive -consumer products. He is managing director of Harrison Drape, and will be succeeded by Mr Richard Smith, who is managing director of Worcester Parsons, and for a time will remain on that board. He will be succeeded as managing director by Mr David Milne, promoted from sales director.

FT UNIT TRUST INFORMATION SERVICE

• Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows. ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Conwthl & Equity	5	63.92	66.94	70.79	+0.06	4.80
European	5	62.56	62.94	66.96	+0.01	0.16
Far Eastern	5	57.79	59.74	63.55	-0.48	0.87
Growth Inc	5	88.83	91.99xd	97.87	+0.21	1.43
Growth Acc	5	88.83	91.99xd	97.87	+0.21	1.43
Income Inc	5	81.63	83.34	88.66	+0.01	3.55
Income Acc	5	81.63	83.34	88.66	+0.01	3.53
Property Share	5	54.31	54.31	57.88	+0.15	1.08
Smaller Co's	5	58.52	61.79	65.72	....	1.47
Formerly RBC Trust Managers Ltd						
Nth American	5	55.84	55.84	59.72	+0.11	1.79
International	5	45.37	45.37	48.51	+0.1	1.48

Wright Seligman Fund Mngrs Ltd (1000)H
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth	5	98.49	98.49	103.49	+1.63	3.92

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Yorkshire General	5½	61.90	64.27	68.37	-0.06	2.80
YUTM UK Eqy Inc Tst	5½	59.45	61.60	65.53	+0.02	4.67
YUTM Intl Gwth Tst	5½	47.79	47.79xd	51.03	+0.17	1.07

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Int 1 Exmt April 19	451.9	470.51	.....	-

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

Inv Fund Mar 31	498.00	.....	4.76
Fxd Int Sec Mar 31	142.20	.....	10.06
Deposit Mar 31	100.00	.....	12.56

Charities Official Invest. Fund‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

Income Mar 31	472.94	.....	5.05
Accum Mar 31	1541.14	.....	-

Edinburgh Fund Mngrs PLC
Exempt Funds

American Apr 26	129.4	133.0	+2.2	1.70
Managed Apr 26	126.7	131.4	+0.1	2.19

INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Int. Dep. Acc	258.2	271.8	+0.0	-
Equity Acc	820.4	863.6	+0.7	-
Property Acc	488.1	513.8	+2.1	-
Far East Acc	195.7	206.1	-0.1	-
European Acc	21.7	22.9	+0.0	-
Managed Acc	649.3	683.5	+0.8	-
Managed Cap	369.2	388.7	+0.4	-
O'seas Earnings Acc	545.4	574.2	+0.4	-
Gilt Edged Acc	310.4	326.8	+0.4	-
American Equity Acc	422.8	445.1	+1.5	-
American Man.Acc	196.6	207.0	+0.8	-
American Prop Acc	138.9	146.3	+1.0	-
Pen F.I.Dep.Cap	284.3	299.3	-	-
Pen.F.I.Dep.Acc	484.8	510.4	+0.2	-
Pen Prop.Cap	571.5	601.6	+2.6	-
Pen. Prop. Acc	1075.9	1132.6	+5.0	-
Pen Man Cap	793.5	835.3	+0.4	-
Pen. Man Acc	1493.3	1571.9	+0.9	-
Pen.Gilt Edg Cap	312.8	329.3	+0.4	-
Pen. Gilt Edg Acc	481.0	506.4	+0.7	-
Pen. Eq. Cap	1297.7	1366.0	-0.3	-
Pen Eq. Acc	1851.0	1948.5	-0.2	-
Pen. Am. Eq Cap	135.7	142.9	+0.6	-
Pen. Am Eq Acc	163.2	171.8	+0.8	-
Pen Far East Cap	234.3	246.7	+2.8	-
Pen. Far East Acc	281.6	296.5	+3.3	-
Pen. Euro Cap	24.1	25.4	-	-
Pen. Euro. Acc	26.1	27.5	-	-
Pen. B S Acc	529.9	556.5	+0.2	-
Pen. B.S. Cap	319.6	335.6	+0.1	-
Pen. D.A.F. Acc	371.6	371.6	+0.1	-
Pen. D A.F Cap	251.5	251.5	+0.1	-
Pen. Mortgage Cap	142.9	150.5	-	-
Pen Mortgage Acc	171.9	181.0	+0.1	-
Baring Funds				
Pen Equ Cap	27.2	28.7	+0.1	-
Pen Equ Acc	28.2	29.7	+0.1	-
Pen Am Eq Cap	29.9	31.5	+0.2	-
Pen Am Eq Acc	30.9	32.6	+0.2	-
Pen Far East Cap	30.0	31.6	+0.4	-
Pen Far East Acc	31.0	32.7	+0.4	-
Pen Euro Cap	32.7	34.5	-0.1	-
Pen Euro Acc	34.0	35.8	-0.1	-
James Capel Funds				
Pen Equ Cap	28.3	29.8	+0.1	-
Pen Equ Acc	29.3	30.9	+0.2	-

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	113 0	119 0	...	−
Building Soc. Fd	169 0	178 0	...	−
Balanced	278.0	293 0	+1 0	−
European	161 0	170.0	...	−
GT Managed	167.0	176 0	+2.0	−
Gartmore Mngd	114 0	120 0	+1 0	−
German	112.0	118.0	.....	−
Gilt	176 0	186 0	+1 0	−
Global	48 0	51.0	.....	−
High Inc.	117 0	124 0	.	−
International Equity	185 0	195 0		−
Japan	239 0	252 0	+2.0	−
Managed	63.0	67.0	.....	−
Property	276 0	291 0	..	−
R. W. Imperial Gold	139.0	147.0	.....	−
UK Equity	374 0	394 0	+2.0	−
Pension Funds				
American	143 0	151.0	..	−
Building Soc. Fd	168 0	177 0	.	−
Balanced	213 0	225 0	...	−
European	160.0	169 0	...	−
German	103 0	109 0		−
Gilt	148 0	156 0	.	−
International Equity	137 0	145 0	...	−
Japan	135 0	143 0	...	−
Managed	64 0	68 0	+1 0	−
Property	213 0	225 0		−
UK Equity	334 0	352 0	+1 0	−

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4BE 0539 33733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Balanced Grth Mngd	567 5	598 0	+1 5	−
Adventurous Mngd.	120 3	126 8	+0 5	−
Secure Mngd	105 9	111 6	+0 1	−
Cash Fd	230 6	243 0	+0 0	−
Property Fund	282.2	300 3	+0 0	−
Equity Fund	624 7	664 6	+2 2	−
Fxd Int. Fund	295 0	310 9	−0 1	−
International	275 7	293 4	+1 3	−

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH

	Bid Price	Offer Price
Discretionary Apr 12	£148 76	153.39
Equity Apr 12	£163 06	168 930
International Apr 12	£24 23	24.94
Intl Bond Apr 12	£11 34	11 50
Fixed Int Apr 12	£71.21	72.25
Index Linked Apr 12	£59 98	60 83
Property Apr 12	£107.30	113.77
Cash Apr 12	£20.5099	20 5099
Pru-Linked Retirement Plan		
Managed Apr 12	371.2	386.7
Cash Apr 12	192 8	200 9
Prudential Pensions Investment Account		
Pens Mngd Apr 25	150.8	158 8
Pens UK Eq Apr 25	295 0	310 6
Pens Intl Apr 25	174 0	183 2
Pens Fixed Apr 25	163 4	172.1
Pens Index Lk Apr 25	152.5	160 6
Pens Cash Apr 25	126.0	132.7

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS

	Bid Price	Offer Price
Aggressive Ptflio Fd	116 2	122 3
Balanced Ptflio Fd.	306 0	322 0
Cautious Ptflio Fd.	119 9	126 2
Elite Fund	104 6	110 1
European Fund	81 0	85 2
Far East Fund	109.8	115 5
Fixed Interest Fund	239 9	252 5
International Fund	255.1	268.5
Money Fund	174 9	184 0
N. American Fd	112.6	118 5
Property Fund	411.6	433 2
UK Equity Fd	374.6	394 3
A.I.M. Brwin Diplm Fd.	90 8	95 6
Swim Select Invs	109 8	115 6
Chart Safety First Bd	107.9	113 6
Exec Master Fd	90.9	95 7
Hardwick Growth Fd	108 9	114 6
Bentley Haig LR Port	97.1	102.2

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

IOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

JERSEY (SIB RECOGNISED)

JERSEY (**)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Int. Yield	Red. Yield
Treas 3pc 1989	–	–
Treas 10½pc 1989	10.53	12.50
Exch 10pc 1989	10.08	12.78
Exch 11pc 1989	11.09	12.71
Treas 5pc 1986-89	5.14	10.90
Exch 10¼pcCv '89	10.30	11.13
Treas 13pc 1990‡‡	12.94	12.28
Exch 11pc 1990‡‡	11.11	12.25
Exch. 12½pc 1990	12.49	12.35
Treas 3pc 1990	3.21	9.91
Treas 8¼pc 1987-90‡‡	8.58	11.98
Treas. 8pc Cv 1990 ‡‡	8.32	11.46
Treas. 10pcCv 1990	10.26	11.88
Exch 2½pc 1990	2.79	9.76
Treas 11¾pc 1991	11.75	11.73
Funding 5¾pc '87-91‡‡	6.29	10.79
Treas 3pc 1991	3.42	9.82
Treas 10pc Cv '91 ‡‡	10.28	11.41
Exch. 11pc 1991	11.12	11.50
Treas. 8pc 1991	8.66	11.45
Treas 12¾pc 1992‡‡	12.31	11.19
Treas 10pc 1992	10.30	11.23
Treas. 8pc 1992 ‡‡	8.69	11.20
Treas 10½pc Cv 1992‡‡	10.68	11.16
Treas. 3pc 1992	3.59	9.13
Exch. 12¼pc '92	11.92	11.21
Exch 13½pc 1992	12.68	11.13
Treas 8¼pc 1993	9.01	11.00
Treas 10pc 1993‡‡	10.27	10.82
Treas 12½pc 1993‡‡	11.87	10.90
Funding 6pc 1993‡‡	7.06	10.34
Treas 13¾pc 1993‡‡	12.48	12.85
Treas. 8½pc 1994	9.30	10.85
Treas 14½pc 1994‡‡	12.69	10.63

Five to Fifteen Years

Stock	Int. Yield	Red. Yield
Exch 13½pc 1994	12.27	10.84
Treas. 10pc Ln. 1994‡‡	10.27	10.67
Exch. 12½pc 1994	11.72	10.82
Treas 9pc 1994‡‡	9.63	10.58

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

CANADIANS

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
157p	129p	♥ABM Gold Corp ‖	130p	−5	−	−	−
20¼p	4½p	♥Abbot Energy Corp	18¼p	......	−	−	−
13¼	902p	♥Amer. Barrick Res	12¼	+⅛	−	−	−
3¼p	2½p	♥Amer. Lightwave ‖	2½p	......	−	−	−
19½p	12¼p	♥Armeno	17¼p	......	−	−	−
307p	94p	♥Asiamerica Hldgs‖	296p	+1	−	−	−
33½p	21p	♥Augmitto Expln	21¼p	......	−	−	−
14⅝	12⅞	Bk. Montreal ‖	14½	......	$2.12	−	7.0
762p	655p	Bk. Nova Scot. ‖	755p	+10	84c	−	5.4
18¼	17	BCE ‖	18¼	......	$2.44	−	6.5
768p	570p	♥Bow Valley‖	766p	+10	♦40c	−	2.5
14¼	12⅛	♥Brascan‖	13¼	+⅛	88c	−	3.1
228p	175p	♥Breakwater Res	180p	......	10c	−	2.7
14	11⅛	Can.Imp Bank‖	13⅝	−⅛	$1.16	−	4.1
12¼	997p	Can. Pacific ‖	11½	+⅛	76c	−	3.2
41½	38½	Do. 4pc Deb £100	41½	......	4%	−	9.6
511p	374p	Central Capital "A" ‖	469p	+1	−	−	−
448p	340p	♥Corona Corp	383p	−5	−	−	−
373p	228p	♥Cons TVX Min	327p	+7	−	−	−
48½p	18¼p	♥Danbus Mem. Syst ‖	18¼p	−1¼	−	−	−
640p	524p	♥Derlan Inds. ‖	630p	−10	11.75c	−	0.9
953p	751p	♥Echo Bay Mines	858p	+21	$0.07	−	0.4
572p	370p	♥ECO Corp ‖	420p	−5	−	−	−
234p	192p	♥Galactic Resources	225p	+1	−	−	−
330p	243p	Gandalf Techs. Inc	261p	+18	−	−	−
54½p	27½p	♥Geodome Res	35¼p	−1	−	−	−
183p	138p	Granges Expln‖	146p	−7	−	−	−
27⅞p	6p	♥Gt Pacific Res	13½p	−1¼	−	−	−
784p	651p	♥Gulf Canada‖	784p	+4	52c	−	3.2
12½	10¼	♥Hawker Sid Can‖	12½	......	$1.08	−	4.2
611p	348p	♥Henlys Group	593p	+2	−	−	−
13¼	11⅛	♥Hudson's Bay ‖	13	+⅛	60c	−	2.2
28¼	23	♥Imperial Oil‖	27	−⅛	$1.80	−	3.2
18⅞	14⅛	Inco‖	18¼	+⅛	s$0.80	−	2.6
686p	599p	♥Inland Nat. Gas $1	686p	+3	60c	−	4.2
290p	102p	♥Madeleine Mines	225p	+1	−	−	−
193p	163p	♥Muscocho Expln	175p	......	−	−	−
126p	85½p	♥Nevada Goldfields	121p	+3	−	−	−
12⅛	10⅞	♥Rio Algom	12⅛	......	$1.30	−	5.2
20	17¼	Royal Bk. Can. ‖	19¼xd	−⅛	$2.20	−	5.4
42½	33⅛	Seagram‖	42¼	+½	US$1.40	−	1.9
112p	74½p	♥Sonora Gold Corp‖	90p	+1	−	−	−
85p	33p	♥Spiral Eng ‖	62p	+3	−	−	−
109p	73p	♥Tara Pure Tech. Corp‖	86½p	−7	−	−	−
19½	16⅛	Toronto-Dom. Bk.‖	19	−⅛	$1.12	−	2.8
820p	686p	♥Trans Can Pipe	889p	+9	68c	−	4.0
183p	154p	Varity Corp‖	165p	−2	B−	−	−

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

• Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- • "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¥ No par value

B.Fr. Belgian Francs. Fr. French Francs ⧫⧫ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or -
Albany Inv 20p....y	95	......
Craig & Rose £1...y	720	......
Finlay Pkg. 5p....y	91	......
Holt (Jos) 25p.....y	1285	+10

IRISH

Stock	Price	+ or -
Cap. 8½% Ln. 1991.....	£99¼	-1⅛
9pc Cap Ln. 1996..	£99½	-½
Fin. 13% 97/02...	£120	......
Arnotts..............	455	......
Carrol (P.J.).......y	152	......
Hall (R. & H.)........	153	......
Heiton Hldgs.......y	77	......
Irish Ropes..........	198	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Stock	p
Brit Land	38
Land Securities	52
MEPC	50

Oils

Stock	p
Brit Petroleum	22
Do. Int. Certs	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Stock	p
Cons Gold	108
Lonrho	38
RTZ	48

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Politics govern the yen

THE DECISION of Mr Noboru Takeshita, Japan's Prime Minister, to resign as a result of the Recruit Cosmos share scandal was the main factor moving the foreign exchanges yesterday.

Initial reaction in Tokyo was that Mr Takeshita's resignation will benefit the yen, because it reduces the level of political uncertainty in Japan, but traders in Europe and the US were more sceptical and not so sure that this is the end of Japan's political problems or that the Recruit saga is going to fade away.

The dollar weakened in Tokyo, falling through technical support at Y131.50, to a low of Y131.05 on stop-loss selling, before closing at Y131.15. In Europe the dollar recovered to Y131.40 by mid-morning, but eased back on publication of US durable goods orders.

March durable goods orders rose 0.8 per cent, after a revised fall of 3.6 per cent in February, but the March rise was lower than expected - a survey by MMS International pointed to a rise of 1.0 per cent, with some forecasts as high as 1.7 per cent - and the dollar lost ground. The figure tended to confirm recent suggestions of a slowdown in the US economy and no immediate need for tighter Federal Reserve monetary policy.

The dollar showed moderate changes. It closed in London at Y131.35 compared with Y131.60 on Monday, but rose to DM1.8650 from DM1.8610; to SFr1.6445 from SFr1.6425; and to FFr6.3100 from FFr6.3050. On Bank of England figures the dollar's exchange rate index rose to 68.0 from 67.9.

Sterling waited nervously for today's figures on March UK trade. News that lending commitments by UK building societies in March rose to £4.3bn from £3.4bn suggested there is little room for a cut in bank base rates and helped to keep the pound steady. The March figure was the highest since July last year.

Attention today will focus on whether the trade figures are good enough to keep base rates at the present level. A survey by MMS International suggests the market expects a March current account deficit of £1.5bn, and a visible shortfall of £2bn.

The pound closed unchanged at DM3.1725 yesterday, but according to a survey by IDEA, if the the visible deficit is only £200m worse than expected at £2.2bn sterling could be vulnerable to an attack on support at DM3.1570.

Sterling fell 40 points to $1.7010; to Y223.50 from Y224.35; to SFr2.7975 from SFr2.8000; and to FFr10.7325 from FFr10.7500. According to the Bank of England the pound's index fell 0.1 to 95.3.

There was little movement in general among European currencies. French fourth quarter growth slowed to 0.5 per cent, from 1.2 per cent in the third quarter, but that total growth in 1988 was 3.8 per cent, against an official estimate of 3.7 per cent given last week. The D-Mark's fall to FFr3.3825 from FFr3.3875, was a reflection of attractive Paris interest rates compared with Frankfurt.

£ IN NEW YORK

Apr.25	Latest	Previous Close
£ Spot	1.6985-1.6990	1.7053-1.7060
1 month	0.43-0.42pm	0.40-0.38pm
3 months	1.29-1.27pm	1.30-1.28pm
12 months	4.25-4.15pm	4.33-4.25pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.25	Previous
8.30 am	95.2	95.4
9.00 am	95.3	95.4
10.00 am	95.3	95.4
11.00 am	95.2	95.4
Noon	95.3	95.4
1.00 pm	95.3	95.4
2.00 pm	95.3	95.4
3.00 pm	95.3	95.4
4.00 pm	95.3	95.4

CURRENCY RATES

Apr.25	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.763000	0.654970
U.S Dollar	7	1.30618	1.11443
Canadian $	12.39	1.55279	1.32539
Austrian Sch.	5	17.0326	14.6369
Belgian Franc	7.75	50.6928	43.5241
Danish Krone	7½	9.40123	8.09188
Deutsche Mark	4.50	2.42100	2.07942

FINANCIAL FUTURES

Waiting for the trade data

LIFFE TRADERS adopted a wait and see attitude in London yesterday. Sterling based instruments were marked up in relatively thin trading as investors adjusted their positions ahead of the release today of key economic data both in the UK and the US.

The June short-sterling price moved up to 86.70 at the close, compared with 86.60 at the opening and 86.62 on Monday. Long gilt futures were also firmer, closing at 96-02 for June delivery from 94-29 previously.

US Treasury bond futures edged firmer after a smaller than expected rise in March US durable goods orders. The number was seen by some as an indication that economic growth is slowing in the US, and hence less upward pressure on interest rates.

Euro-dollar deposit rates were slightly lower after the durable goods figure, and the June futures price finished towards the top of the day's range at 89.94 against 89.90 at the opening and 89.82 on Monday.

West German Government bond futures retreated after a firmer start following the Bundesbank's decision to hold a sale and repurchase tender with no fixed rate. The June price slipped from 94.45 at the opening to finish at 94.32, down from 94.34 on Monday.

FT-SE 100 INDEX

	Close	High	Low	Prev.
Jun	209.95	210.60	208.40	208.75
Sep	213.95			212.75

Estimated Volume 2168 (2895)
Previous day's open int. 19137 (19366)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7010	1.6969	1.6883	1.6765	1.6585

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6964	1.6976	1.6928	1.6986
Sep	1.6850	1.6850	1.6810	1.6866
Dec	1.6774	1.6774	-	1.6760

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 34,608
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Cautious tone

UK INTEREST rates were confined to a narrow range in London yesterday. Activity was subdued ahead of the release today of UK March trade figures. The key three-month interbank rate was unchanged at 13⅝-13½ per cent, as was the one-year rate at 13⅝-13¾ per cent.

Overnight money remained in plentiful supply, so much so that early quotations of 10½ per cent were soon reduced to 9¾ per cent. However, a late scramble pushed rates up to 13 per cent before closing at 12 per cent.

UK clearing bank base lending rate 13 per cent from November 25

The pattern on interest rates from three to 12-months months shows a virtually flat yield curve, which suggests that investors are unsure, ahead today's trade announcement, on whether base rates have yet reached their peak.

The Bank of England forecast a surplus of around £550m. Factors affecting the market included bills maturing in official hands which drained £67m. These were outweighed by Exchequer transactions, which added £530m, and a fall in the note circulation of £55m. In addition, banks brought forward balances £35m above target.

The Bank took out most of the surplus during the morning by selling £420m of Treasury bills at 12¼-12⅜ per cent, maturing on May 5. Further liquidity was drawn out of the system in the afternoon when the Bank sold £115m of Treasury bills at 12-12⅛ per cent, unwinding on May 5.

Short-term rates were lower in Frankfurt as liquidity remained in good supply. There was little reaction to the announcement of a fresh sale and repurchase tender scheduled for today, although some traders were disappointed that the authorities had opted for an auction with no minimum bid. While interest rates are not expected to rise, a fixed rate tender tends to remove uncertainty from the market about interest rates trends.

In Amsterdam, the Dutch central bank continued to keep short-term liquidity levels tight. Figures released yesterday showed that in the week ending April 24, the central bank drained a total of Fl 3.58bn from the money market through two-day repurchase agreements.

In New York, the US Federal Reserve added temporary reserves to the banking system through two-day repurchase agreements. At the time of the injection of liquidity overnight Fed funds were trading at 9⅞ per cent, unchanged from Monday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.25) 3 months US dollars		6 months US Dollars	
bid 10	offer 10⅛	bid 10⅛	offer 10¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11½
Broker loan rate	10¾-½
Fed.funds	9¾
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	8.32	Three year	9.30
Two month	8.82	Four year	9.24
Three month	8.93	Five year	9.18
Six month	9.16	Seven year	9.15
One year	9.24	10-year	9.11
Two year	9.36	30-year	8.96

Apr.25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.95-6.05	6.10-6.25	6.25-6.40	6.45-6.60	6.60-6.75	6.00
Paris	8½-8⅝	8⅝-8¹¹⁄₁₆	8¹¹⁄₁₆-8¹³⁄₁₆	8¾-8⅞	8¹³⁄₁₆-8¹⁵⁄₁₆	7.25
Zurich	5⅞-6⅛	6⅛-6⅜	-	6⅛-6⅜	-	-
Amsterdam	6.18-6.31	6.70-6.80	-	6.80-6.90	-	-
Tokyo	4⅛-4¾	4⅝-4⅞	-	-	-	-
Milan	12¼-12⅝	12-12½	-	12¼-12⅝	-	-
Brussels	5.85	8¼-8¾	-	8¾-8⅝	-	-
Dublin	8½-8⅝	8⅝-8¾	8¾-9	9-9¼	9⅜-9⅝	-

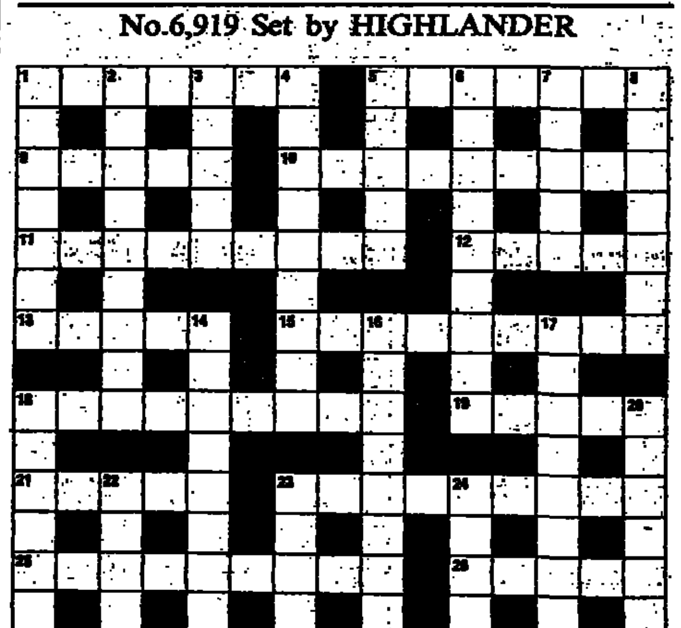
LONDON MONEY RATES

BASE LENDING RATES

JOTTER PAD

CROSSWORD

No.6,919 Set by HIGHLANDER



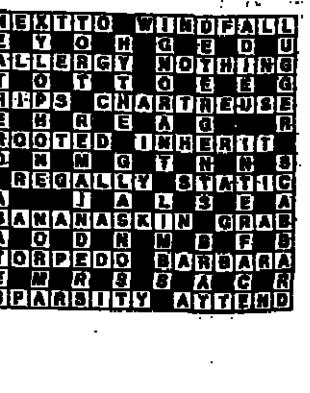
ACROSS

1 Monkey with Lambeth Palace resident (7)
5 Company practice one has to live with (7)
9 Coast resort accommodating heroine of the opera (5)
10 It's in the act Ruby passed over (3-6)
11 Her will is changed; he hopes someone will be troubled (3-6.)
12 Used by conductor, possibly to make additions to the score (5)
13 Inordinate desire to obtain note on wind instrument (5)
15 Scots able to demolish barriers (9)
18 Frank takes old-fashioned oral (9)
19 Succeed almost with wooden peg (5)
21 Brick dropped to make sound of landing gear (5)
23 white rose in alternative form (9)
25 Demanding first measure printed during this month (9)
26 Trueman for example has one – it's a girl (5)
27 Country's said to produce machine oils (7)
28 Wrinkled, as in a statement of principles (7)

DOWN

1 Setting is a skill brought into play on course (7)
2 Fresh round: five broke (9)
3 A University man in charge of revolutionary calculators (8)
4 Underground effort to build *defensive barrier* (9)
5 Conservative one embarrassed about drink (5)
6 Chief reportedly tired? Put on top of bed (9)
7 Bathroom fitting: most of it is to stay old-fashioned (5)
8 Bell-like sounds contain the same brief information (7)
14 Weighs down with notes on *printing machinery* (9)
16 Tiny chest is possibly not genuine (9)
17 Bars in atmospheric depressions show mean position (9)
18 Actually in progress at the time of departure (7)
20 Pull fish up towards the sheltered side (7)
22 Vessel found in enemy's moat (5)
23 Starts making animal enclosures with nothing on top (5)
24 Rub up the wrong way by putting female in sack (5)

Solution to Puzzle No.6,918



WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · FRANCE (continued) · GERMANY · GERMANY (continued) · ITALY · ITALY (continued) · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · AUSTRALIA · AUSTRALIA (continued) · HONG KONG · SINGAPORE · JAPAN

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
Closing prices April 24

[illegible]

MONTREAL
Closing prices April 24

[illegible]

Total Sales 4,746,078 shares.

INDICES

NEW YORK DOW JONES

	Apr 24	Apr 21	Apr 20	Apr 19	1989 High	1989 Low	Since compilation High	Since compilation Low
♦Industrials	2402.68	2409.46	2377.38	2386.91	2409.46 (21/4)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.37	88.33	88.40	88.18	89.62 (8/2)	87.35 (23/3)	–	–
Transport	1140.85	1136.64	1114.65	1121.77	1140.85 (24/4)	959.95 (3/1)	1140.85 (21/4/89)	12.32 (8/7/32)
Utilities	191.15	190.97	189.31	189.31	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2416.06 (2412.57) Low 2385.08 (2373.35)

STANDARD AND POOR'S	Apr 24	Apr 21	Apr 20	Apr 19	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	308.69	309.61	306.19	307.15	309.61 (21/4)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	356.15	357.49	353.38	354.30	357.49 (21/4)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.70	28.83	28.54	28.74	28.83 (21/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	172.49	172.90	171.30	171.70	172.90 (21/4)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	342.76	342.59	341.33	340.43	342.76 (24/4)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	423.18	423.76	421.51	421.91	423.76 (21/4)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Apr 21	Apr 14	Apr 7	year ago (approx.)
Dow Industrial Div. Yield	3.46	3.57	3.62	3.47
	April 19	Apr 12	Apr 5	year ago (approx.)
S & P Industrial div. yield	3.05	3.12	3.16	2.94
S & P Indl. P/E ratio	13.62	13.26	13.09	15.35

TRADING ACTIVITY † Volume Millions

	Apr 24	Apr 21	Apr 20
New York	142.881	189.200	177.659
Amex	10.728	10.464	11.861
OTC	98.172	149.468	141.033

NEW YORK	Apr 24	Apr 21	Apr 20
Issues Traded	1,947	1,931	1,951
Rises	639	936	606
Falls	788	517	835
Unchanged	520	478	510
New Highs	96	125	97
New Lows	19	19	19

CANADA

TORONTO	Apr 24	Apr 21	Apr 20	Apr 19	1989 High	1989 Low
Metals & Minerals	3376.3	3341.0	3334.2	3336.1	3564.9 (6/2)	3207.5 (3/1)
Composite	3606.2	3602.5	3595.4	3599.9	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1822.35	1817.61	1815.09	1816.67	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Am T & T	2,528,800	34⅝	– ⅛	Navistar Intl	1,526,100	5¼	– ⅛
Chase Manhattan	2,105,300	37⅞	+ ⅛	Sears Roebuck	1,525,300	46⅝	+ ¼
USX Corp	1,893,900	34½	+ ¼	IBM	1,444,300	113½	----
Union Carbide	1,595,700	30⅛	----	Mcgraw-Hill	1,376,000	81¼	+ 4
NWA Inc	1,558,200	102¾	+ ¼	Syntex	1,358,000	44½	– 2⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 25	Apr. 24	Apr. 21	Apr. 20	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	(c)	1476.1	1452.5	1458.1	1551.7 (31/1)	1412.9 (7/4)
All Mining (1/1/80)	(c)	672.6	665.3	671.4	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	309.63	308.47	306.27	304.84	309.94 (17/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5926.41	5920.66	5898.93	5926.89	5926.89 (20/4)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	298.32	298.26	(c)	299.62	299.62 (20/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	802.3	801.1	804.1	805.1	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	468.4	470.4	468.0	467.3	470.4 (24/4)	417.9 (4/1)
Ind. Tendance (30/12/88)	110.0	111.3	110.1	110.9	111.3 (24/4)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	573.85	575.56	577.19	581.50	585.28 (13/4)	535.78 (27/2)
Commerzbank (1/12/53)	1710.3	1714.5	1717.4	1730.3	1741.9 (13/4)	1595.7 (27/2)
DAX (30/12/87)	1372.42	1368.38	1376.21	1389.91	1394.62 (17/4)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3118.73	3095.99	3109.23	3139.68	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	(c)	620.30	619.13	618.94	620.30 (24/4)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33244.78	32805.92	33029.81	33185.1	33363.83 (19/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2448.73	2422.98	2438.19	2447.42	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	237.3	237.5	237.0	235.5	238.0 (19/4)	208.3 (3/1)
CBS All Shr (End 1983)	189.1	189.2	188.8	187.7	189.8 (19/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	659.08	656.80	653.55	656.24	665.61 (19/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1246.11	1247.24	1244.27	1250.00	1258.33 (17/4)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1527.0§	1515.0	1507.0	1511.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2562.0§	2550.0	2532.0	2510.0	2562.0 (25/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	296.00	295.95	296.03	296.52	297.29 (10/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3858.7	3804.4	3783.9	3803.4	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	675.4	677.7	676.9	677.7	680.0 (17/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.7	512.9	511.2	519.0 (17/2)	491.2 (28/3)

§ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Tuesday 25 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Yusen	31.7m	1,080	+40	Nippon Steel	12.3m	919	+4
Sumitomo Metal	31.6m	895	+21	Nissan Diesel Motor	12.3m	999	+100
Seio Kogyo	27.1m	2,720	+180	Hazama-Gumi	12.0m	1,840	+80
Sanyo Special Steel	17.9m	1,390	+70	Ohbayashi Corp	11.4m	1,850	+90
Mitsui OSK Lines	16.6m	986	+29	Sumitomo Construction	11.2m	1,480	+80

2pm prices April 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 51

NYSE COMPOSITE PRICES

Continued from previous Page

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices April 25

OVER-THE-COUNTER

Nasdaq national market, 2pm prices April 25

FINANCIAL TIMES
Wednesday April 26 1989

AMERICA

Dow gives up early gain to bout of profit-taking

Wall Street

AFTER MODEST early gains on lower-than-expected US durable goods orders in March, the equity market once again succumbed to profit-taking after its sharp rally last week, *writes Janet Bush in New York.*

The Dow Jones Industrial Average started with a gain of more than 6 points but then slipped back at 2 pm to stand 14.85 points lower at 2,387.83. Volume was slightly more active than Monday morning with 112m shares changing hands by midsession.

Durable goods orders rose 0.8 per cent in March compared with a consensus estimate for a 1.4 per cent gain. February's decline of 3.3 per cent was revised to a fall of 3.6 per cent.

Markets clearly interpreted these figures as showing more evidence of weakening in the manufacturing sector of the economy. Non-defence orders fell 1.2 per cent last month.

There appeared to be little reaction to the Employment Cost Index released by the Labor Department which showed a rise of 1.2 per cent in the first quarter of this year compared with 1.0 per cent in the final three months of 1988. Bond economists saw these numbers as evidence that wage costs are still accelerating but cautioned that this series is not seasonally adjusted and therefore does not give a particularly good guide to underlying trends.

The bond and stock markets moved in opposite directions yesterday with Treasury bond prices quoted as much as ¼ point higher in the medium-dated area of the yield curve.

The stock market is moving according to its own internal dynamics this week and on technical factors. What has been seen so far this week is a consolidation after last week's surge of more than 70 points on the Dow to a new post-crash high.

Most of the leading market indices are within striking distance of all-time highs and the Dow Jones Transportation Average has already reached its record peak.

With this and the speed of last week's rally in mind, the equity market has turned cautious and there was a feeling yesterday that the market had become somewhat over-extended.

Nevertheless, the mood is fairly buoyant and the profit-taking since last week's rally has not been substantial. Equity analysts appeared more cautious about the near-term outlook for the market.

There are still several economic releases to be absorbed this week including today's preliminary figures for first quarter gross national product. The estimate is for a GNP gain of 5.1 per cent, half of which is attributable to drought-related factors. Fourth quarter GNP was only 2.4 per cent but that figure was depressed by the drought and was more realistically 3.5 per cent.

The fixed weight deflator, the most keenly watched of the GNP inflation measures, is expected to have risen by 5.1 per cent in the first quarter compared with a 4.8 per cent annual rate in the fourth quarter.

Tomorrow sees the publication of March personal income and consumption figures and March leading indicators are due for release on Friday.

Blue chip issues were generally weaker as profit-taking continued after last week's gains. Philip Morris was $⅝ lower at $124¾. Boeing dipped $½ to $72⅛, Merck slipped $¼ to $67½ and Exxon lost $⅛ to $44⅛. IBM was more robust, adding $¾ to $113¾.

Among individual stocks, Citizens & Southern plunged $4½ to $29½ after NCNB terminated its offer for the bank. NCNB added $¾ to $37⅛ while Bank South, a possible alternative target, added $⅞ to $13⅞ in over-the-counter trading.

Ferro, fell $1¼ to $47⅞ having risen $2¼ on Monday, as the company added a leveraged Employee Stock Ownership Plan to its arsenal of takeover defences.

XTRA Corp, the transportation leasing company, added $1½ to $40 after an investment group which has said that it may seek a leveraged buy-out raised its stake to 7.95 per cent.

Canada

CAUTION before tomorrow's federal budget pulled Toronto lower by midsession. Investors were worried about reports of a new federal sales tax.

The composite index fell 16.7 to 3,589.4 as declines led advances by 301 to 185. Volume was 11m shares.

Denison Mines declined C$⅛ to C$5⅛ after it said that it expected to report higher earnings in 1989.

EUROPE

Growing rate fears restrict bourse activity

INTEREST rate worries grew and corporate news dried up, leaving European bourses little changed yesterday, *writes Our Markets Staff.* Milan was closed for Liberation Day.

FRANKFURT had an uneventful session, marked by low volumes and a dearth of company news. Share prices moved little overall, with the DAX index edging up 4.04 to 1,372.42 and the midday FAZ index easing 1.71 to 573.85. Turnover reached DM2.8bn, lower than recent levels.

A main talking point was inflation as the market sought indications on the domestic rate from preliminary figures from the North Rhine Westphalia region. Analysts expect an annual rate of 3 per cent for April and further deterioration in the next few months.

Construction stock Strabag was one of the day's more interesting issues, rising DM12.50 to DM277, and later reaching a new high for the year of DM287. There were reports of a large buy order but analysts knew of no speculative reason for the demand; it was a recovery stock with catching up to do.

Hoechst, the chemical stock, gained ground before the release of annual profits news in line with expectations. The DM12 dividend was also as expected and the stock closed DM1.10 higher at DM301.

PARIS was held in check by worries over interest rates, losing ground in reduced volumes as stories about individual stocks dried up.

The CAC 40 index fell 10.30 to 1,688.37 and the OMF 50 index lost 2.91 to 473.66. The opening CAC General index fell back from Monday's all-time high, slipping 2 to 468.4.

Pechiney's non-voting investment certificates returned to trading and dropped FFr43, or 10.3 per cent, to FFr376. Investors who had been holding the stock to get subscription rates to the issue of Pechiney International sold off the CIs yesterday, as it was the final day of priority subscription, said one analyst.

Features were few, as Peugeot lost FFr17 to FFr1,693 and GTM-Entrepose dropped FFr77, or 5.3 per cent, to FFr1,383. Interest rate fears kept investors on the sidelines, and there was concern that if Germany did scrap its withholding tax, a lot of money would leave French bonds, weakening the franc and necessitating a rise in domestic interest rates.

ZURICH drifted lower in moderate trading, with the chief excitement coming from Hoffmann-La Roche, which rose sharply in the wake of an announced capital restructuring and strong corporate results. The Crédit Suisse index fell 5.8 to 571.2.

Hoffmann's baby certificates, which were suspended at SFr15,500 last Friday, hit a high of SFr16,075 yesterday before closing at SFr15,800, up 2 per cent. These shares are to be phased out under the restructuring.

One analyst said the increase reflected both a higher-than-expected 33 per cent rise in 1988 earnings, and the market's perception that corporate structure would become more visible and its shares more tradeable under the reorganisation.

In the chemicals sector, Ciba-Geigy announced a 22 per cent rise in first-quarter turnover to SFr5.33bn from SFr4.38bn a year earlier. The analyst said the increase was slightly above expectations. Ciba-Geigy bearer shares rose SFr10 to SFr3,390.

AMSTERDAM ended a dull session on a firm note, helped by the smaller-than-expected rise in US durable goods orders for March. The CBS tendency index rose 0.8 to 182.8 in moderate turnover worth Fl 712m.

Insurer Aegon moved against the trend with a fall of 40 cents to Fl 99.50 after the company said that it planned a large 10-for-106 rights issue and would seek shareholder approval for a convertible preference stock issue.

DSM shed 20 cents to Fl 120.50 on the announcement that the Government would float the second tranche of its shares in the chemical group in September as part of the phased privatisation of the company. The first one-third tranche of 12m shares started trading in February; the Government has not made any decision over its remaining one-third stake.

Steel-maker Hoogovens attracted strong interest, adding Fl 1 to Fl 102.60, helped mainly by options-related trading and buoyancy in the steel industry.

MADRID was little changed as investors continued selective profit-taking after the strong run of the past month. The general index was up 0.05 to 296.

Construction stocks cooled down. Among banks, Santander was down 13 points at 865 of par and Zaragozano 20 at 860.

BRUSSELS had an uncertain session and closed mixed in thin trading as doubts over interest rates and nervousness over the likely path of the dollar deterred investors.

OSLO nudged its way towards record levels as investors drew enthusiasm from an expected round of strong first-quarter corporate results.

The all-share index rose 3.41 to 488.43 in a frisky bout of trading worth NKr620.9m. Oil stocks, however, were weakened by a drop in the price of North Sea oil. Norsk Hydro lost NKr2.5 to NKr182.5.

HELSINKI was marginally better in very slow trade. The Unitas all-share index recovered from a four-day fall, adding 1.2 to 802.3.

SOUTH AFRICA

A WEAK financial rand and continued buying of quality shares helped Johannesburg rise in quiet trading yesterday.

Financial mining stocks were mostly firmer. Minorco gained R2.50 to R52 after a US district judge refused to modify an injunction blocking the company's bid for Consolidated Gold Fields, which lost R4.75 to R87.

Gold issues rose in line with a moderately higher bullion price. Randfontein advanced R4 to R127.

Sweden shrugs off budget gloom

The positive reaction has baffled many brokers, writes Sara Webb

AN UPTURN on the Stockholm bourse yesterday, after the Finance Minister had delivered his gloomy supplementary budget, left many brokers at a loss for words.

The brokers were puzzled by the market's positive reaction to a supplementary budget which proposed raising value added tax, increasing the employers' levy and duties on spirits and cigarettes, while cutting milk subsidies.

The Veckans Affärer Total Index rose 10 points to 1,386.9 – up 15.9 per cent since the start of the year. Meanwhile, turnover picked up somewhat, climbing to SKr307m.

The main reason for the gain seems to be an expression of relief. After weeks of speculating about what measures Mr Kjell-Olof Feldt might propose as a means of cooling the economy, the market had lost much of its momentum and the big institutional investors were playing a game of wait and see.

Daily turnover had fallen to between SKr200m and SKr250m and the index had edged down from its peak over the past couple of weeks as possible remedies were leaked to the press in dribs and drabs.

As a result, many investors felt that all the bad news had already been digested before the Finance Minister's press conference took place. Yesterday morning, when the measures became official, the market seemed to feel a burden had been removed.

In spite of the stock market reaction, many were far from satisfied with Mr Feldt's actions. "The Government has pulled the emergency brake even though the train isn't going fast enough anyway and everyone inside is suffocating from the lack of fresh air," said Mr Sten Westerberg, chief economist at Enskilda.

Mr Feldt announced he would bump up VAT from 19 per cent to 21 per cent; as one despondent broker put it: "The world's most heavily taxed economy gets yet another dose of tax." The move comes in spite of the Government's promise to reform the tax system for the 1990s.

As a result of the increases, the tax burden will rise from 55.4 per cent of gross national product to 56.1 per cent in 1990, rather than decreasing.

This raises questions over whether Mr Feldt will succeed in pushing through a reform of the entire system, while maintaining the levels of public expenditure which the Social Democratic Party is used to.

Furthermore, economists worry that the short-term measures may simply serve to reinforce the structural weaknesses in the economy. The combination of higher VAT, payroll taxes and excise duties will push up inflation in 1989 to 6.3 per cent, according to the Government's own forecasts; independent analysts believe inflation could climb to between 9 and 10 per cent.

Either way, inflation will be sufficiently high to trigger a new round of wage talks.

Yesterday's stock market reaction seemed to suggest that investors were not unduly perturbed by the inflation forecasts. In the past, the Government has usually helped Sweden to regain competitiveness internationally through devaluations, though this is a remedy that the Finance Minister says he cannot resort to in future.

Shares advanced across the board, though the index for the banking and insurance sector was above the average, increasing by 1.07 per cent on the news that the Fourth National Pension Fund would be allowed to invest in bank and insurance company shares in future.

ASIA PACIFIC

Resignation triggers Nikkei rally

Tokyo

INVESTORS enthusiastically greeted Prime Minister Noboru Takeshita's decision to resign over the Recruit scandal, sending share prices sharply higher, *writes Michiyo Nakamoto in Tokyo.*

The market welcomed the move as a positive step towards restoring political stability. "It is as if a streak of light has filtered through the mist hanging over the market," said an analyst at Sanyo Securities.

Prices surged on the resignation news, with the Nikkei average climbing as high as 33,318.03, before closing 438.86 points up at 33,244.78.

The day's low was 32,844.27. Advances outnumbered declines by 586 to 305, while 180 issues were unchanged.

Turnover was moderate at 820m shares, although this was a substantial improvement over the 464m traded on Monday. The Topix index gained 25.75 to 2,448.73. Buying by indexed funds also supported the market. In later trading in London, the ISE/Nikkei 50 rose 2.60 to 1,836.94.

The rally lifted the Tokyo market out of its sluggish state, caused by political instability and the possibility of an increase in Japan's official discount rate. While institutions were understandably cautious, the lack of interest had also spread to more risk-prone individuals. "Investors had been waiting with a load of cash to return to the market," one analyst said.

Yesterday's announcement, by removing one uncertain factor, was enough to entice many back. Some analysts viewed the Prime Minister's action as the turning point in the Recruit affair and its impact on the market. It was also thought to pave the way for passing the budget, which opposition parties had stalled in the Diet in a bid to win concessions from the ruling party.

Others, however, were more cautious. Although the resignation would enable the Government to pass the budget, the ruling party still faced many hurdles, such as the House of Councillors' elections, said Mr Masami Okuma at UBS Phillips & Drew. There also remains the question of who will succeed Mr Takeshita.

Investors ignored such worries yesterday. Their interest was broad-based, but strongly focused on issues related to the Government's policy of stimulating domestic demand. Construction companies, expected to boost profits on infrastructure spending, returned to the limelight and posted strong gains. Sato Kogyo, third in volume with 27.1m shares, surged Y180 to Y2,720. Obayashi Corp advanced Y90 to Y1,850 and Hazama-Gumi rose Y80 to Y1,840, both in heavy trading.

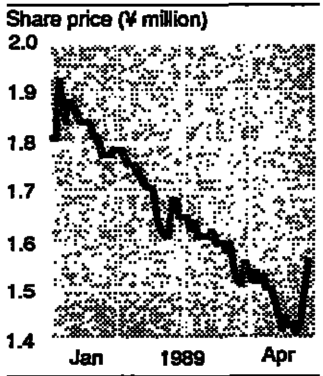
Nippon Yusen, the shipping group, topped the most actives list with 31.7m shares, gaining Y40 to Y1,090. Buying reflected a leading broker's recommendation and the group's improving business performance. Sumitomo Metal was second in volume terms with 31.6m shares, firming Y21 to Y885.

The day saw a rebound by Nippon Telegraph and Telephone (NTT), the huge telecommunications company, which has seen its shares fall substantially since it emerged that former executives had received bribes from the Recruit group. Investors were drawn by expectations of more political stability, removing some of the risk from the shares, and by the low price. NTT gained Y130,000 to Y1.56m.

In Osaka the OSE average recovered 171.55 points to 31,975.24. Volume improved to 63.6m shares from 28m shares on Monday.

NTT

Share price (¥ million)



Roundup

CENTRE stage was taken by Singapore and Hong Kong, with Australia closed for ANZAC day. The announcement in Tokyo of the resignation of the Japanese Prime Minister inspired Hong Kong, but left Singapore in a more cautious mood.

SINGAPORE partially recovered early losses as bargain hunters triggered a late rally. The Straits Times industrial index fell 1.13 to 1,246.11 after a midday drop of 2.97 to 1,244.27.

Quiet, cautious trading failed to take strength from Tokyo's sharp gains. Declines led rises by 136 to 70 with turnover falling to 87m shares from Monday's 99m.

Interest focused on Malaysian-based speculative stocks, some blue chips and the hotel, property and finance sector.

Hotel group Faber Merlin once again topped the active list and rose 1½ cents to 45½ cents with 5.8m shares changing hands.

Hotel Malaysia climbed 50 cents to S$5.50, while Singapore Land rose 20 cents to S$11.10 and Fraser and Neave gained 15 cents to S$9.70.

HONG KONG was encouraged by the good performance in Tokyo and leaders closed at the day's highs.

The Hang Seng index gained more than 30 points in the afternoon to finish 22.74 higher at 3,118.73 in turnover worth HK$868m compared with Monday's HK$849m.

New World topped the active list with a fall of 10 cents to HK$14. Hutchison rose 10 cents to HK$11.20.

Jardine Strategic gained 40 cents to HK$13.50 as the company announced a US$200m issue of convertible preference shares.

TAIWAN fell in active trading on reports that the Government might take measures to cool the market. The weighted index lost 70.09 to 8,102.39 amid reports that the Securities and Exchange Commission had warned brokers not to hold stocks for investors and barred them from helping investors to make quick profits.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 24 1989						FRIDAY APRIL 21 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (89)	132.32	+1.6	115.06	111.06	+2.1	5.01	130.28	112.63	108.79	157.12	128.28	120.16
Austria (18)	122.34	−0.4	106.38	118.23	+0.3	2.13	122.78	106.14	117.84	124.16	92.84	91.71
Belgium (63)	135.91	−0.3	118.18	131.05	+0.3	4.09	136.37	117.89	130.66	137.10	128.52	125.83
Canada (127)	136.26	−0.1	118.49	117.32	+0.2	3.27	136.33	117.86	117.08	137.27	124.67	123.57
Denmark (38)	179.03	−0.4	155.67	176.29	+0.0	1.88	179.81	155.45	176.21	480.38	165.35	119.50
Finland (26)	155.05	−0.2	134.82	135.17	+0.2	1.53	155.30	134.25	134.93	159.16	125.81	126.04
France (130)	122.35	−0.4	106.39	121.00	+0.2	2.99	122.79	106.15	120.82	122.79	112.57	87.43
West Germany (100)	87.47	−0.9	76.06	84.63	−0.3	2.27	88.29	76.32	84.85	90.40	81.77	77.38
Hong Kong (49)	130.41	−0.5	113.40	130.29	−0.5	4.06	131.11	113.34	130.98	133.77	111.80	103.39
Ireland (17)	147.42	−0.8	128.19	145.06	+0.0	3.47	148.64	128.50	145.00	151.36	125.00	120.29
Italy (98)	83.55	−0.3	72.65	85.17	+0.2	2.47	83.77	72.42	85.02	86.88	78.16	76.25
Japan (455)	186.07	−0.9	161.80	154.78	−0.7	0.49	187.69	162.26	155.90	200.11	180.30	173.81
Malaysia (36)	178.18	+0.1	154.94	183.64	−0.3	2.61	178.00	153.88	184.10	178.18	143.35	129.13
Mexico (13)	176.06	+0.6	153.09	466.13	+0.6	1.08	175.06	151.33	463.28	176.06	153.32	136.33
Netherland (42)	121.85	−0.2	105.95	116.79	+0.4	4.41	122.08	105.54	116.31	122.22	110.63	108.10
New Zealand (24)	69.97	+2.5	60.84	60.52	+2.4	6.51	68.26	59.01	59.12	76.02	66.84	77.86
Norway (26)	196.18	+0.5	170.59	179.74	+0.9	1.49	195.16	168.71	178.20	198.39	139.92	126.31
Singapore (26)	152.70	+0.4	132.78	136.41	+0.4	2.01	152.08	131.47	135.85	155.98	124.57	110.20
South Africa (60)	144.71	+1.0	125.84	128.33	+0.6	3.95	143.30	123.88	127.59	144.86	115.35	124.15
Spain (42)	154.99	−0.3	134.77	135.67	+0.0	3.58	155.39	134.33	135.67	156.17	143.14	152.07
Sweden (35)	157.59	+0.4	137.04	147.68	+0.8	2.32	157.03	135.75	146.52	162.00	138.45	120.30
Switzerland (57)	76.02	−0.8	66.10	77.41	−0.2	2.37	76.65	66.26	77.58	79.76	74.05	78.83
United Kingdom (316)	146.00	−0.5	126.96	126.96	+0.1	4.46	146.76	126.87	126.87	153.33	134.53	138.25
USA (561)	125.52	−0.3	109.14	125.52	−0.3	3.52	125.84	108.78	125.84	125.84	112.13	106.71
Europe (1008)	120.50	−0.5	104.78	111.33	+0.1	3.59	121.10	104.69	111.26	121.70	114.02	108.53
Nordic (125)	155.38	+0.0	135.09	151.18	+0.5	1.99	155.29	134.25	150.47	155.61	137.95	112.15
Pacific Basin (679)	181.56	−0.8	157.87	151.72	−0.6	0.71	182.98	158.18	152.67	194.72	176.37	168.91
Euro – Pacific (1687)	157.17	−0.7	136.67	135.57	−0.4	1.61	158.26	136.81	136.12	164.22	152.83	144.77
North America (688)	126.06	−0.2	109.62	125.02	−0.2	3.50	126.37	109.24	125.30	126.37	112.79	107.61
Europe Ex. UK (692)	104.50	−0.5	90.87	101.70	+0.1	2.89	105.01	90.78	101.64	105.29	98.84	90.12
Pacific Ex. Japan (224)	127.45	+0.8	110.83	113.23	+1.0	4.47	126.50	109.36	112.11	137.65	123.48	109.83
World Ex. US (1887)	156.33	−0.7	135.93	135.02	−0.4	1.68	157.36	136.03	135.54	162.77	152.04	143.82
World Ex. UK (2132)	144.09	−0.5	125.29	132.24	−0.4	2.04	144.86	125.23	132.75	146.04	138.06	128.65
World Ex. So. Af. (2388)	144.24	−0.5	125.43	131.76	−0.3	2.25	145.02	125.37	132.22	146.65	138.82	129.53
World Ex. Japan (1993)	124.28	−0.3	108.07	119.97	−0.1	3.58	124.63	107.74	120.04	124.63	114.51	108.22
The World Index (2448)	144.24	−0.5	125.43	131.73	−0.3	2.26	145.01	125.36	132.18	146.51	138.63	129.50

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Spanish prices were unavailable April 24. Latest prices were unavailable for this edition.

Constituent change: Austrian Airlines was inserted April 25.